

**COUNTY OF ORANGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2001**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal	4
Principal County Officials	18
Organization Chart	19
GFOA Certificate of Achievement for Excellence in Financial Reporting	20

FINANCIAL SECTION

Independent Auditor's Report	21
General Purpose Financial Statements	
Combined Balance Sheet - All Fund Types, Account Groups and Discretely Presented Component Unit	24
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types, Expendable Trust Funds and Discretely Presented Component Unit.....	26
Combined Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances Budget and Actual on Budgetary Basis - All Governmental Fund Types	28
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balance and Contributed Capital - All Proprietary Fund Types and Nonexpendable Trust Fund	32
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund	34
Combined Statement of Changes in Net Assets - Pension and Investment Trust Funds	35
Notes to General Purpose Financial Statements	
1. Bankruptcy Recovery	36
2. Summary of Significant Accounting Policies	37
3. Deposits and Investments	47
4. Changes in General Fixed Assets	52
5. County Property on Lease to Others	53
6. Long-Term Obligations	54
7. Arbitrage Rebate Payable	62
8. Conduit Debt Obligations	63
9. Leases	63
10. Interfund Receivables and Payables	64
11. Deficit Equity Balances of Individual Funds	66
12. Budgetary Basis of Accounting	67
13. Change in Accounting Principle	68
14. Reserved Fund Balances	68
15. Enterprise Funds	69
16. Landfill Site Closure and Postclosure Costs	70
17. Construction and Other Significant Commitments	71
18. Self-Insurance	72
19. Estimated Liability for Other Litigation and Claims	74
20. Other Contingencies	77
21. Defined Benefit Pension Plans	78
22. Postretirement Health Care Benefits	81
23. Deferred Compensation Plan	81
24. Subsequent Events	82

(Continued)

**COUNTY OF ORANGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2001**

FINANCIAL SECTION (Cont'd)

Combining, Individual Fund and Account Group Financial Statements and Schedules	
General Fund	
Schedule of Expenditures/Encumbrances by Fund-Agency Unit -	
Budget and Actual on Budgetary Basis - General Fund	84
Special Revenue Funds	
Combining Balance Sheet - All Special Revenue Funds	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
All Special Revenue Funds	96
Combining Schedule of Budgetary Comparisons by Fund-Agency Unit -	
Budget and Actual on Budgetary Basis - All Budgeted Special Revenue Funds	102
Debt Service Funds	
Combining Balance Sheet - All Debt Service Funds	116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
All Debt Service Funds	118
Combining Schedule of Budgetary Comparisons by Fund-Agency Unit -	
Budget and Actual on Budgetary Basis - All Budgeted Debt Service Funds	120
Capital Projects Funds	
Combining Balance Sheet - All Capital Projects Funds	124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -	
All Capital Projects Funds	126
Combining Schedule of Budgetary Comparisons by Fund-Agency Unit -	
Budget and Actual on Budgetary Basis - All Budgeted Capital Projects Funds	128
Enterprise Funds	
Combining Balance Sheet - All Enterprise Funds	136
Combining Statement of Revenues, Expenses and Changes in Retained Earnings and	
Contributed Capital - All Enterprise Funds	137
Combining Statement of Cash Flows - All Enterprise Funds	138
Internal Service Funds	
Combining Balance Sheet - All Internal Service Funds	140
Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficits) and	
Contributed Capital - All Internal Service Funds	144
Combining Statement of Cash Flows - All Internal Service Funds	148
Trust and Agency Funds	
Combining Balance Sheet - All Trust and Agency Funds	152
Combining Statement of Net Assets - Pension and Investment Trust Funds	154
Combining Statement of Changes in Net Assets - Pension and Investment Trust Funds	155
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	156
General Fixed Assets Account Group	
Schedule of General Fixed Assets by Source	160
Schedule of General Fixed Assets - By Function and Activity	161
Schedule of Changes in General Fixed Assets - By Function and Activity	162

**COUNTY OF ORANGE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2001**

STATISTICAL SECTION (UNAUDITED)

General Governmental Revenues by Source - General Fund	164
General Governmental Expenditures by Function - General Fund	165
Comparison of General Governmental Revenues to Expenditures - General Fund	166
Property Tax Levies and Collections - General Fund	167
Assessed Value of Taxable Property	168
Average Property Tax Rates - Direct and Overlapping Governments	169
Principal Taxpayers	170
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	171
Computation of Legal Debt Margin	172
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures - General Fund	173
Computation of Direct and Overlapping Bonded Debt	174
Revenue Bond Coverage - Airport Enterprise Fund	175
Revenue Bond Coverage - Integrated Waste Management Enterprise Fund	176
Demographic Statistics	177
Property Value, Construction and Bank Deposits	178
Population and Housing Statistics	179
Miscellaneous Statistics	180



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December 12, 2001

Honorable Board of Supervisors
County of Orange
Santa Ana, California

Your Honorable Board:

The Comprehensive Annual Financial Report of the County of Orange, State of California, for the fiscal year ended June 30, 2001, is hereby submitted in accordance with the provisions of Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

Copies of this Comprehensive Annual Financial Report, the County Proposed and Final Budgets, booklets specifying the tax rates and assessed valuations of taxing agencies in Orange County, and financial reports of certain funds or functions for which the County has fiduciary responsibility, may be obtained from the office of the County Auditor-Controller.

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the County's organizational chart and a list of principal County officials. The Financial Section includes the general purpose financial statements, and the combining and individual fund and account group financial statements and schedules, as well as the independent auditor's report on the financial statements and schedules. The Statistical Section, which is unaudited, includes selected financial and demographic information.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and the independent auditor's report on internal control and compliance with applicable laws and regulations, are included in a separate annual publication.

This report includes all funds and account groups of the County, as well as its component units. Component units are separate legal entities for which the County is considered to be financially accountable. The County provides a full range of general government services, including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, waste management, airport management, and general financial and administrative support.

Blended component units, although legally separate entities, are, in substance, part of the County's operations, and therefore data from these units are combined with data of the County. The County has one component unit, the Orange County Children and Families Commission (OCCFC), which requires discrete presentation in the general purpose financial statements for the fiscal year ended June 30, 2001. The following entities are presented as blended component units in the general purpose financial statements for the fiscal year ended June 30, 2001: the Orange County Flood Control District, Orange County Development Agency, Orange County Housing Authority, Orange County Civic Center Authority, Orange County Financing Authority, Orange County Special Financing Authority, Orange County Public Financing Authority, Orange County Public Facilities Corporation, and certain special districts.

Economic Condition and Outlook

Area Population

With a population of over 2.9 million, Orange County is one of the major metropolitan areas in California and the nation. Orange County represents the second most populous county in the state, and ranks fifth in the nation. Population growth exceeded that of the state (2.02% vs. 1.79%).

Area Economy

Orange County represents one of the major economic centers in the state and nation. If Orange County were a nation, its economy would rank 32nd among all the countries in the world, above such countries as Greece, Israel, and the Philippines. The Anderson Center for Economic Research at Chapman University estimates its Gross County Product (GCP) at \$133.0 billion during 2001.

Orange County government has emerged from bankruptcy with a solid recovery plan in effect. Housing price appreciation has returned, with double-digit appreciation evident in certain areas of the County. The County also continues to be represented by a solid economic base in construction, non-durable goods, retail trade and services. It should be noted that a significant sector of the local economy is dependent upon international trade. Therefore, while the forecast for the local economy remains bright, any significant slowdown in the economies of our international trading partners will continue to influence the County's overall level of economic growth.

Unemployment Rate and Tax Base

Orange County's unemployment rate, which reflects the number of unemployed County residents as a percent of the labor force, remains one of the lowest among California counties. As of September 2001, the unemployment rate stood at 3.2%. This compares favorably to rates of 5.8% for neighboring Los Angeles County, 5.2% for California, and 4.7% for the nation.

After an extended period of a depressed real estate market, Orange County's housing sales and prices have continued their rebound. This is reflected in the value of Orange County's tax base. Total assessed valuation increased by \$20.4 billion, or 8.9% over FY 2000-2001 reaching \$ 248.9 billion in FY 2001-2002.

Recent Industry Employment Trends and the Local Economy

Despite the tight housing market, monthly wage and salary employment statistics released by the State Employment Development Department (EDD) estimate the number of jobs located in Orange County will increase regardless of where the employee resides. The latest wage and salary employment estimates from EDD illustrate the County's strong economic base, despite very clear slowing patterns. Total nonfarm jobs in the County reached 1,433,800 in September 2001, reflecting a 0.5% increase over the 1,401,000 jobs in September 2000—an increase of 32,800 nonfarm jobs. Employment in the trade sector recorded gains of 5,700, led by wholesale trade with 3,000 jobs. Manufacturing employment was up by a net of 1,700, led by the durable goods sector with 1,000 jobs. Employment in the services sector increased by 14,500 led by business services with 6,000 jobs. Other significant major nonfarm industry categories with job gains included construction (up 3,900); transportation and public utilities (up 900); finance, insurance and real estate (up 3,400) and government (up 2,400). Mining employment remained relatively unchanged over the year (reflecting an increase of 100 jobs).

County Median Family Income

According to the Anderson Center for Economic Research at Chapman University, Orange County's median family income is estimated at \$71,200 for the year 2001. Projections for the year 2002 are not available at this time; however, it is expected that increases in median family income for 2002 will be moderate due to the slowing of the national, state and local economy.

Impact of September 11, 2001 Terrorist Attacks on State and Local Economy

One word describes the effect of the September 11, 2001 attacks on the economy – uncertainty. There is, at the national, state and local level, a sense of uncertainty about how pervasive the effects will be, how long the effects will remain, whether subsequent events are on the horizon and what their effects might be, and what steps can be taken to pull the economy out of recession. Preliminary indicators show a loss of consumer confidence and spending and a decline in employment. However, how long these effects will last, to what extent these effects will influence other sectors of the economy, and what changes are needed to restore consumer confidence and spending is very much unclear. For now, economists at Chapman University have advised that projections about the anticipated course of the state and local Orange County economy that were generated prior to September 11, 2001 should be maintained, but monitored closely to determine if revisions to the projections will be required. Therefore, the County Executive Office is monitoring General Purpose Revenue projections on a monthly basis.

Bankruptcy Recovery

On December 6, 1994, the County of Orange filed for protection under Chapter 9 of the United States Bankruptcy Code as a result of substantial losses in the Orange County Investment Pool. The liquidation of the Pool's portfolio resulted in the realization of an investment loss of approximately \$1.6 billion, approximately \$600 million of which was allocable (on a pro rata basis) to the County's accounts, with substantially all of the remainder allocable to accounts of non-County Pool participants, such as cities, school districts and special districts.

The County's bankruptcy was the largest municipal bankruptcy ever. After a period of about eighteen months, the County's comprehensive recovery plan was approved by the Federal Bankruptcy Court and the County emerged from the bankruptcy on June 12, 1996. The County's recovery from bankruptcy was in large measure due to the implementation of a strong County Executive Officer (CEO) concept of corporate management, unique among California counties. The corporate management system, which incorporated a fundamental restructuring of the core County government, implementation of annual business plans, and a long range strategic financial plan, has resulted in a fiscally viable County that received a series of upgrades by the three principal rating agencies rating municipal debt, resulting in the County's current ratings: Moody's: Aa2, Fitch IBCA: AA-, and Standard and Poor's: A.

The recovery has not been without significant cost, namely a debt burden of over \$1 billion. Recognizing the need to reduce this burden in order to free up scarce General Fund dollars for more productive uses, the Board of Supervisors has made early debt reduction a high priority. Consequently, as unanticipated revenues have become available, the Board has directed that most of the money be dedicated to early debt reduction. As a first step, in June 1998, about \$31 million in bankruptcy related debt was removed from the books through a legal defeasance of a portion of the 1995 Refunding Recovery Bonds. The County then used its share of litigation proceeds from the bankruptcy-related litigation to assist in the retirement or defeasance of \$317 million of Pension Obligation Bonds.

Major Initiatives for Fiscal Year 2000-2001

Fiscal Year 2000-2001 General Fund Budget

Total discretionary funding for the County's Fiscal Year 2000-2001 Final Budget was \$454.5 million. This included fund balance available of \$86 million unreserved/undesignated, cancellation of the \$35.1 Strategic Priority Reserve and general purpose revenues of \$333.4 million. The general purpose revenues increased by \$22.2 million, or about 7.0% over Fiscal Year 1999-2000. The increase resulted from growth in property taxes and motor vehicle license fees. Total discretionary funding after adjustment for the Strategic Priority Reserve cancellation was within 1.5% of the amount projected in the 2000 Strategic Financial Plan.

The Fiscal Year 2000-2001 Budget funded all the strategic priorities approved by the Board in the 1998 and 1999 Financial Plan; no new strategic priorities were approved in the 2000 plan. The Strategic Priorities funded in the Fiscal Year 2000-2001 budget included:

- Increase to the Debt Prepayment Fund of \$5 million
- Provide \$12.4 million to projects to remedy Deferred Maintenance and Americans with Disabilities Act deficiencies
- Completion of Theo Lacy Branch Jail expansion with a cost of \$10.4 million
- \$4 million to improve Juvenile Detention Facilities
- Increase in Provision for Contingencies by \$1 million for a total of \$22 million

The County's share of the national litigation settlement with major tobacco companies was the subject of controversy during Fiscal Year 2000-2001. The issues were resolved when an initiative ordinance, Measure "H", was approved by the voters on November 7, 2000. This initiative requires that all Tobacco Settlement Revenues (TSR) received after July 1, 2001 are to be allocated 80% to new or expanded health care programs and 20% for public safety.

For Fiscal Year 2000-2001, the County's TSR was not governed by Measure "H", and was allocated by the Board of Supervisors on December 5, 2000, to the following projects:

• Health Care Priorities	\$12,970,000
• Water Quality Testing Laboratory	1,230,000
• Secured 64-Bed Substance Abuse Program	1,330,000
• Theo Lacy Jail Expansion Engineering	5,400,000
• Debt Reduction	<u>7,500,000</u>
	<u>\$28,430,000</u>

The Fiscal Year 2000-2001 Budget was adjusted in February 2001 to reflect the TSR allocation.

Negotiations with Employee Bargaining Units

Negotiations with the Orange County Employees Association (OCEA) and the American Federation of Labor-Congress of Industrial Organizations (AFL-CIO) bargaining units concluded in June 2001, and resulted in 3 year Agreements through June 2004. The new Memorandum of Understanding (MOU) provides for general salary increases of 4% in the first and second years of the contract, and 3.5% in the third year, with an option in the third year for some of the bargaining units to receive a 3.5% retirement contribution in lieu of the general salary increase. Non base building Performance Incentive Program (PIP) performance incentives will continue in each year of the contract, funded in the amount of 2% of base salary per year.

The MOU for the Association of Orange County Deputy Sheriffs (AOCDS) expired in October 1999. Negotiations with this labor organization concluded in October 1999 and resulted in a three-year Agreement, which will expire in October 2002. This Agreement provides for a 3.5% or 3.75% increase for specific classifications in the first year of the Agreement, a 4% increase for all classifications in the second year of the Agreement, and fully paid retirement in the third year of the Agreement.

In 1999, the State passed Assembly Bill 1937 giving Public Employees Retirement System (PERS) and 1937 Act Retirement Plans (which includes Orange County's Retirement System) the option to offer a new benefit formula known as 3% at 50 for public safety members. The AOCDS requested a contract re-opener to discuss this benefit. Based on market research and the need to maintain competitiveness in the public safety labor market, the County Board of Supervisors amended the Personnel and Salary Resolution on December 4, 2001 implementing a 3% at 50 retirement formula for public safety employees effective June 28, 2002. The initial estimated annual cost of this benefit is \$14.7 million and will be funded by a combination of existing Public Safety Sales Tax, law enforcement contract revenue, contributions from the public safety employees and from the County General fund. Costs of this benefit have been included in the County's 2002 Strategic Financial Plan.

The MOU for the Orange County Attorney's Association (OCAA) expired in June 2000. Negotiations with this labor organization concluded in June 2000 and resulted in a three year Agreement which will expire in June 2003. This Agreement provides for a 4% general wage increase in the first and second year of the Agreement and a fully paid retirement in the third year of the contract. Additionally, 1% non-base building performance pay incentives are available in each year of the Agreement. The pay out of incentives will be made in accordance with the jointly developed PIP.

The cost of salary increases has been included in the County Strategic Financial Plan.

Major Initiatives for the Future

Retirement Rate Agreement

The Board and the Orange County Employees' Retirement System (OCERS) Board signed an agreement in 1996 for the use of \$318 million in pension obligation bond proceeds. The proceeds from the bonds were placed in an investment account within OCERS, for the sole purpose of paying County annual obligations for retirement. The investment account is credited with market earnings of OCERS and debited according to a formula that considers available balance and obligations. The investment account balance as of June 30, 2001 was \$241.6 million (unaudited).

The County is required to pay any retirement costs not paid by the investment account. The investment account was originally projected to pay 75% of the County's retirement costs in FY 2000-2001; however, due to higher than anticipated investment earnings, the County's \$45.9 million retirement cost was paid entirely by the investment account.

Marine Corps Air Station El Toro

In 1993, the Defense Base Realignment and Closure Commission directed the closure of Marine Corps Air Station (MCAS) El Toro ("El Toro" or "the base") effective July 1999. In April 1995, the County was designated by the Federal government as the Local Redevelopment Authority (LRA) for the base. As the LRA, the County is responsible for preparing and implementing a "Community Reuse Plan" for transition of the 4,700 acre base to civilian uses. The Federal government encourages the development of Community Reuse Plans which facilitate local economic redevelopment, job creation and timely environmental cleanup.

In December 1996, the Board of Supervisors (Board), acting as the LRA, adopted a final MCAS El Toro Community Reuse Plan, approved the Homeless Assistance Submission, and certified the supporting Environmental Impact Report (EIR). The Community Reuse Plan was subsequently submitted to the Department of Navy for consideration. When the Community Reuse Plan was adopted, the Board directed the CEO to initiate the next phase of planning for the base, specifically, the preparation of a Planned Community/Specific Plan for the entire base and an Airport System Master Plan addressing aviation services and facilities at both El Toro and John Wayne Airport, Orange County. The Marines vacated the base in June 1999.

The County retained consultant teams to prepare the Airport System Master Plan and EIR 573. These plans, undertaken by the El Toro Local Redevelopment Authority, together with federal environmental documents, will form the basis for recommendations regarding to whom, and by what means, base property should be conveyed. It is anticipated that much of the base will be requested by and conveyed to the County, which will then serve as a "master developer" of the site. The County's role will extend over many years, and can be characterized in two primary phases: (1) Planning (2) Maintenance and Implementation. The Planning Phase was completed on October 23, 2001. During this phase, the Airport System Master Plan and a second EIR were completed and approved by the Board. The County's Maintenance and Implementation Phase includes maintaining base facilities, and interim leasing of selected base facilities. The County signed a five-year Master Lease with the Department of the Navy in September 2000 under which these activities are being conducted.

The Orange County Central Park and Nature Preserve Initiative (Measure W) has been certified by the County Registrar of Voters and on December 4, 2001, the Board of Supervisors placed the initiative on the March 5, 2002 ballot. The initiative would amend the Orange County General Plan and restrict the types of land uses on County-owned land within unincorporated County territory at MCAS El Toro. If passed by the voters, Measure W would repeal a previously adopted measure, Measure A, which designated much of MCAS El Toro for civil aviation and related uses and limit El Toro to what is described as "education compatible" uses and "open space reserve" uses allowing for facilities typically funded by the public sector, such as a park, library, museum, and zoo. The initiative is the subject of ongoing litigation. A Superior Court judge invalidated the initiative. Thereafter, the Court of Appeals reversed the judge's decision. Opponents of the initiative have filed for review by the California Supreme Court.

Santa Ana River Mainstem Project

The Santa Ana River Mainstem Project and the proposed Prado Dam Project are major flood control projects, which when fully completed, are designed to prevent the type of devastating damage caused by large-scale flooding that occurs on the average of every 190 years in the Santa Ana River flood plain. The projects involve a combination of flood channel widening and reinforcement, construction of a new dam, Seven Oaks Dam, and raising the existing dam, Prado Dam.

The Federal government, Orange County Flood Control District (OCFCD), San Bernardino County Department of Transportation/Flood Control District, and Riverside County Flood Control and Water Conservation District are cost sharing the U.S. Army Corps of Engineers' (COE) estimated total project cost of \$1.4 billion. The OCFCD currently estimates its share of costs for the two projects to be \$413 million for acquisition of real property rights for construction of the project, relocation of designated roads, bridges, trails, channels and utilities, and construction cost share contributions.

OCFCD's remaining share of project costs exceeds current available funds. However, the project has been authorized by the State Legislature, making it eligible for State Flood Control Subventions (reimbursement of 70% of OCFCD expenditures). An estimated \$54 million in budgeted or encumbered funds are expected to be reimbursed to the OCFCD over the next 18 months by the State Department of Water Resources. As of June 30, 2001 the OCFCD spent an estimated \$203 million on the projects, with resulting claims for reimbursement of \$140 million which have already been or will be submitted over the next 18 months. To date, the OCFCD has claimed \$132.5 million of eligible expenditures and received \$94 million in reimbursements.

Strategic/Financial Plan

The County Executive Office prepares an annual Strategic Financial Plan (Plan) which is an integral part, along with departmental business plans and the budget, of the corporate management system. The Plan consists of an economic/revenue forecast provided by Chapman University and operational spending forecasts provided by each County department. The purpose of the Plan is to:

- Provide a long range financial context for program and infrastructure decisions
- Demonstrate the viability of the County's baseline operations
- Identify potential financial challenges
- Identify opportunities to fund new "strategic priorities" (e.g. jail expansion)
- Provide the framework for budget policies

In June 2001, the Board approved a new Debt Reduction Policy. The next target for debt reduction is the 1995 Recovery Bonds issue. However, the low interest rate environment as of October 2001 was not favorable to funding defeasance escrows. As of October 2001, the Board has set aside \$92.4 million for debt reduction with plans to add about \$10 million per year for the next four years.

On October 30, 2001 the Orange County Board of Supervisors adopted the 2002 Strategic Financial Plan. The Plan provides a very constrained outlook over the coming years and projects no additional available funding for new strategic priorities. The early years of the Plan include surpluses that have been used to balance the forecast along with funds from the Strategic Priority Reserves. However, the Plan shows that beginning with fiscal years 2007-08, baseline operations in combination with priorities approved in previous years are forecast to outstrip available resources. The County Executive Office will monitor revenue and cost data on a periodic basis, provide updates to the Board of Supervisors, and propose measures to produce a balanced outlook with respect to revenue sources and baseline expenditures.

Department Focus

Orange County Public Library

The advent of the internet and improvements in information technology have transformed the service program of the Orange County Public Library. At twenty-seven branch libraries, County residents log on for over 200,000 hours of internet access annually. The Library website, which offers interactive customer services, is visited by over 250,000 persons per year on a twenty-four hour per day, seven days a week basis. Utilizing State grant funds and in cooperation with other Southern California libraries, the Orange County Public Library also offers online, live "chat" format reference assistance on an individual basis to library users.

Technological improvements have also allowed the public to make greater use of the Library's print materials collection. Online consultation of the entire 2.5 million item library catalog and the opportunity to request any book from any library in the System have contributed to all time high records of items borrowed by residents, totaling over 6,260,000 loans in Fiscal Year 2000-2001.

Budgetary Controls

The County maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the General Fund and most of the special revenue, debt service, and capital projects funds are included in the annual appropriated budget. The level of budgetary control (that level which cannot be exceeded without action by the Board) is the fund-agency unit level, which represents a department or an agency. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered appropriations do not lapse at year-end; encumbrances outstanding at that time are reported as reservations of fund balance for the following year's budget.

Financial Information

Management of the County of Orange is responsible for establishing and maintaining internal controls designed to ensure that the assets of the County are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it. The evaluation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Internal Audit Department.

As part of the County's single audit, described earlier, tests are made of the County's internal controls and of its compliance with applicable laws and regulations, including those related to federal awards. The County's single audit for the fiscal year ended June 30, 2001 is in process.

General Government Functions

The following schedule presents a summary of General Fund revenues, other financing sources, and residual equity transfers from other funds for the fiscal year ended June 30, 2001, and increases and decreases in relation to prior year amounts (in thousands):

Source	2000-01 Amount	Percent of Total	Increase (Decrease) from 1999-00	Percent of Increase (Decrease)
Revenues				
Taxes	\$ 200,836	10.5%	\$ 9,459	4.9%
Licenses, Permits, and Franchises	6,853	0.4	30	0.4
Fines, Forfeitures and Penalties	44,365	2.3	6,509	17.2
Use of Money and Property	29,277	1.5	3,589	14.0
Intergovernmental Revenues	1,252,681	65.4	173,910	16.1
Charges for Services	248,113	12.9	14,628	6.3
Other Revenues	69,267	3.6	(8,156)	(10.5)
Other Financing Sources				
Operating Transfers In	59,362	3.1	(21,276)	(26.4)
Proceeds from Capital Lease Obligations	6,544	0.3	(13,141)	(66.8)
Residual Equity Transfers From Other Funds	44	--	(172)	--
Total	<u>\$ 1,917,342</u>	<u>100.0%</u>	<u>\$ 165,380</u>	

The following information provides a brief summary of the primary factors attributable to increases in General Fund revenues:

Intergovernmental Revenues

- Increased federal and state revenues resulting from growth in assistance programs such as California Work Opportunity and Responsibility to Kids (CalWORKs), Medi-Cal, Child Welfare Services, Continuing Care, Domestic Abuse, Independent Living Care and In-Home Supportive Services.
- Increased revenues for health care programs such as Mental Health Realignment, Mental Health Early and Periodic Screening Diagnosis and Treatment (EPSDT), Managed Care, Mentally Ill Offender Crime Reduction, Children System of Care and for Integrated Services Program to Homeless Mentally Ill Clients.
- Increased revenues from motor vehicle license fees due to a continued strong California economy and a rise in automobile sales in FY 2000-01.
- Increase in Proposition 172 revenues distributed by the State arising from sustained increases in taxable sales. Proposition 172, the Public Safety Sales Tax, is a voter-approved measure passed in 1994 establishing a ½ percent (0.5%) sales tax on an ongoing basis for local public safety programs.
- Increase in federal and state funding for the Temporary Assistance for Needy Families (TANF) program to align the State-wide maintenance of effort with the federal government for the funding of this program.
- Increase in child support collections and federal reimbursements of higher cost claims in administering the Title IV-D Child Support Program.

Charges for Services

- Increases in labor costs such as salaries and employee benefits of sworn personnel assigned to court security.
- Addition of a new city (Rancho Santa Margarita) to receive contract law enforcement services along with an increase in usage by other contract cities in additional positions, equipment, overtime and general services.
- Increases in Federal Medi-Cal revenues received for providing new services, as well as expanding existing services such as Children and Youth Services and Adult Mental Health Services.
- Increase in revenues from the Registration and Elections Department. Both the general and the primary elections revenues are on a two-year cycle and the receipt of these revenues occurred in FY 2000-01.

Charges for Services (Cont'd)

- Increased revenues collected from recording a greater number of legal documents in the Clerk Recorder's office. Lower interest rates contributed to a higher number of legal documents being processed and recorded for property sales and mortgage loan refinancing transactions. Recent legislative changes in the priority afforded to aliens married to United States citizens in the issuance of green cards added to the number of marriage licenses being processed in FY 2000-01.
- Increase in direct and indirect reimbursements from building and safety projects due to an increase in planning and development services.
- Increase was partially offset by a decrease in revenues resulting from reductions in fines, fees and forfeitures imposed by the courts.

The following information provides a brief summary of the primary factors attributable to decreases in General Fund other financing sources:

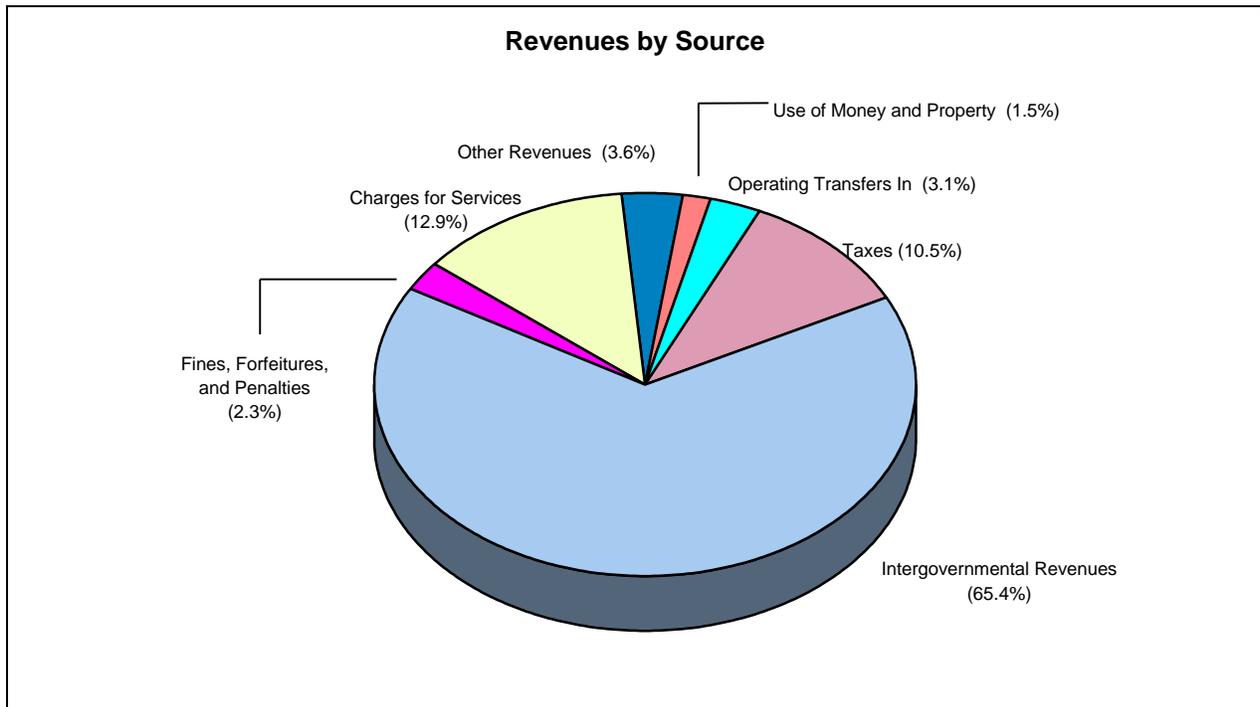
Operating Transfers In

- A decrease in operating transfers attributable to a variety of one-time transfers to the General Fund in FY 1999-00 that did not occur in FY 2000-01.
- Decrease was partially offset by
 - An increase in transfers of Public Sales Tax Excess Revenues (Proposition 172) to the Sheriff's Department to fund capital projects.
 - An increase in transfers of Tobacco Settlement Revenue to the Health Care Agency to address health care priorities as outlined in the Strategic Financial Plan.

Proceeds from Capital Lease Obligations

- Prior year capital lease acquisition of a building for the District Attorney department.

The following diagram shows each revenue source as a percentage of total General Fund revenues. Revenues from Licenses, Permits, and Franchises, Proceeds from Capital Lease Obligations and Residual Equity Transfers from Other Funds are not displayed on the diagram because they represent less than 0.5% of total revenues.



The following schedule presents a summary of General Fund expenditures and other financing uses for the fiscal year ended June 30, 2001, and increases and decreases in relation to prior year amounts (in thousands):

Function	2000-01 Amount	Percent of Total	Increase (Decrease) from 1999-00	Percent of Increase (Decrease)
Current Expenditures				
General Government	\$ 111,635	6.2%	\$ 4,110	3.8%
Public Protection	633,515	35.0	39,802	6.7
Public Ways and Facilities	26,707	1.5	1,973	8.0
Health and Sanitation	352,972	19.6	44,593	14.5
Public Assistance	516,572	28.6	37,085	7.7
Capital Outlay Expenditures	23,612	1.3	(15,670)	(39.9)
Debt Service Expenditures	6,743	0.4	(1,993)	(22.8)
Other Financing Uses				
Operating Transfers Out	133,200	7.4	(26,546)	(16.6)
Total	<u>\$ 1,804,956</u>	<u>100.0%</u>	<u>\$ 83,354</u>	

The following information provides a brief summary of the primary factors attributable to the increases in General Fund expenditures:

Public Protection

- Addition of several new positions in the District Attorney's Criminal and Family Support Divisions, Customer Services Enhancement and Child Support Automated System and at the Sheriff's Department for expanding law enforcement services to various entities combined with increases in cost of living, workers compensation, group insurance and contract costs.
- New positions added in the Probation Department due the implementation of the County's Comprehensive Multi-agency Juvenile Justice Plan and the State's Substance Abuse and Crime Prevention Act of 2000, also known as Proposition 36. The multi-agency plan, approved by the Board in December 2000, addresses the full spectrum of juvenile justice activity including crime prevention, intervention, suppression and programming for incarcerated youth. Proposition 36 is a voter approved measure passed in November 2000 allowing the first and second time, non-violent, simple drug possession offenders the opportunity to receive substance abuse treatment instead of incarceration.
- Increase was partially offset by a reduction in the County's required contribution for the funding of trial court operations as stipulated by Assembly Bill 233 (AB 233). AB 233 is a court reform bill signed in October 1997 to create a stable, long-term funding solution for the trial courts. It requires the State to assume full responsibility for funding trial courts operations and limits the counties' fiscal responsibility.

Health and Sanitation

- Increase in contract services from the Behavioral Health, Emergency Medical Services and Tobacco Settlement funded programs.
- Addition of several new positions in Health Care Agency to support new programs and to expand existing programs such as Children and Youth Services – Children System of Care, Adult Mental Health Services – Integrated Services Program for Homeless Mentally Ill Residents, Alcohol and Drug Abuse Services and Multi-agency Juvenile Justice Plan combined with cost of living increases.
- Increase was partially offset by reimbursements from the Social Services Agency to support their Supportive and Therapeutic Option (STOP) and CalWORKs programs.

Public Assistance

- Addition of new positions and increases in contract services and costs in programs such as CalWORKs, Medi-Cal, Child Welfare Services, Continuing Care, Independent Living Program and In-Home Supportive Services.
- Increase in data services charges and costs for the implementation of the State-mandated CalWORKs Interface Network system (CalWIN).
- Increases in cost of living adjustments to salaries and insurance costs resulting from higher health insurance rates and new positions.
- Increase was partially offset by a reduction in assistance caseloads and related costs for welfare payments to clients in the CalWORKs program.

The following information provides a brief summary of the primary factors attributable to the decreases in General Fund expenditures:

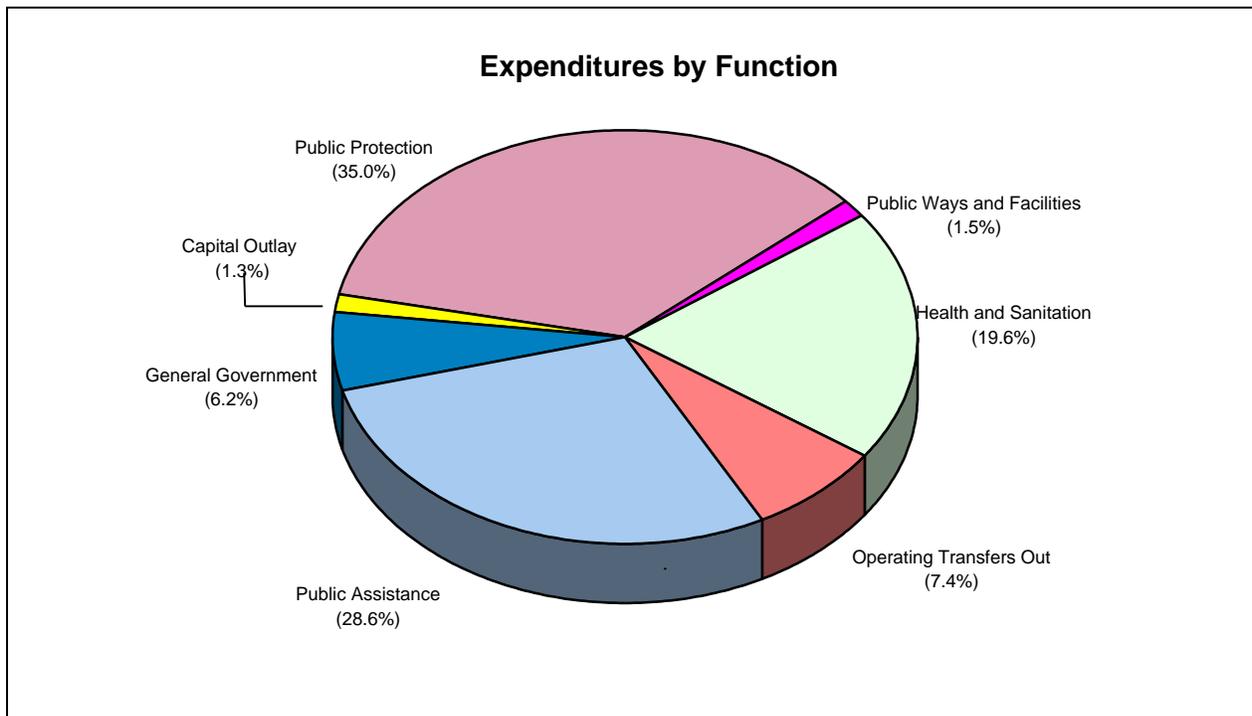
Capital Outlay

- Prior year capital lease of a building for the District Attorney department.

Operating Transfers Out

- A decrease in operating transfers to the Debt Prepayment Fund for the economic defeasance of the Pension Obligation Bonds and to the Sheriff-Coroner Construction and Facilities Development Fund for the Theo Lacy Jail expansion.
- Decrease was partially offset by increased transfers of excess Proposition 172 revenues to the County Public Safety Sales Tax Excess Revenue Fund to finance future projects and by a one time transfer of \$6 million to Shelter Care Facilities Development and Maintenance Fund to finance future strategic priorities, such as providing housing to CalWORKs recipients.

The following diagram shows each category of expenditures as a percentage of total General Fund expenditures. Debt Service Expenditures are not displayed on the diagram because they represent less than 0.5% of total expenditures.



The fund balance of the General Fund increased by approximately \$88.8 million (37.2% increase from FY 1999-00) during the year ended June 30, 2001.

Appropriations Limit

Article XIII B of the California Constitution, as amended by Proposition 111, approved by the voters in June 1990, limits appropriations from the proceeds of taxes. Appropriations are limited to the prior year's amount adjusted by a factor based on population growth and increases in personal income or non-residential assessed value. Proposition 111, in addition to providing greater flexibility in the computation of increases to the appropriations limit, exempts from the limit certain appropriations for fixed assets. The County does not believe it is in danger of reaching its limitation in the next several years.

Enterprise Operations

Airport

John Wayne Airport (JWA) operations are accounted for in an enterprise fund. JWA provides commercial air travel, air cargo, and general aviation services. JWA experienced a decrease of 2.4% in total passenger traffic from FY 1999-2000. The decrease had no significant impact on JWA operating revenues, which remained consistent with the prior year. Operating income at JWA is sufficient to enable the enterprise fund to continue servicing debt and meeting operating costs without support from the County General Fund.

Waste Management

The Integrated Waste Management Department (IWMD) operations are accounted for in an enterprise fund. The Waste Management Enterprise consists of three active landfills, four Household Hazardous Waste Collection Centers, and twenty closed landfill sites. The active facilities provide for the disposal of solid waste, and the collection and disposal of household hazardous waste for Orange County residents. The disposal fees charged to users of disposal facilities are the primary sources of revenue. During Fiscal Year 2000-2001, operating revenues were sufficient to enable the enterprise to service debt and fund operations without support from the General Fund.

The Waste Management Enterprise also imports solid waste in order to provide revenue to the County General Fund for use in meeting County bankruptcy related obligations. During Fiscal Year 2000-2001, IWMD contributed \$14 million of net imported revenue to the General Fund.

Debt Administration

At June 30, 2001, the County had a number of debt issues outstanding. Under current State statutes, the County's general obligation bonded debt issues are subject to a legal limitation based on 1.25% of the total assessed value of real and personal property. As of June 30, 2001 the County had no net general obligation bonded debt. The County's legal debt limit was \$2.9 billion.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in the Orange County Investment Pools. The Treasurer maintains two separate investment pools, the Orange County Investment Pool (County Pool) and the Orange County Educational Investment Pool (Educational Pool), the latter of which is utilized exclusively by the County's school districts. The investment of the County and Educational Pools is governed by the California Government Code and the Treasurer's Investment Policy Statement (IPS). The IPS is submitted annually to the Treasury Oversight Committee and the Board of Supervisors and authorizes investments in the following categories: U.S. Government securities, securities of federally-sponsored agencies, domestic commercial paper, negotiable certificates of deposit, repurchase agreements, bankers' acceptances, money market mutual funds, State of California or California Municipal debt, receivable-backed securities, and medium-term notes. The IPS prohibits borrowing for investment purposes, reverse repurchase agreements, and volatile structured notes and derivatives. For purposes of determining net asset value of the Funds, investments are marked to market on a daily basis. If the net asset value of either the County Money Market Fund or the Educational Pool is less than \$.995 or greater than \$1.005, portfolio holdings may be sold as necessary to maintain the ratio between \$.995 and \$1.005.

On June 20, 2000, the Board of Supervisors approved a revised IPS with an effective date of July 1, 2000. The new IPS establishes a Money Market Fund and an Extended Fund as components of the County and Educational Pools. The maximum term of any investment under the Extended Fund is three years and the weighted average maturity is limited to 18 months. The maximum term of any investment in the Money Market Fund remains thirteen months with the weighted average maturity limited to 90 days. The Treasurer will determine, based on cash flow projections, the amount of money to invest in the Extended Fund.

In addition to "Pooled Cash/Investments," the Treasurer maintains individual specific investments for certain funds. These amounts comprise a small portion of the total investments managed by the Treasurer. The permitted investments for these funds are dictated by operation of federal or state statute, bond documents, and by mutual agreement with the investing entity.

The County held a portion of its Restricted Cash and Investments with Trustee in the form of non-participating Bank Investment Contracts (BICs). These BICs are considered deposits with financial institutions and amount to \$25.5 million of which \$300,000 was insured by FDIC insurance with \$16.4 million collateralized for non-pooled investments BICs and \$9.1 million uncollateralized for the Restricted Cash and Investments BICs. The remaining portion of the County's deposits are either insured by federal depository insurance or are collateralized with securities having a market value of at least 110 percent of the deposits in accordance with Section 53652 of the California Government Code. Collateral of 150 percent is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. Portfolio investments, other than money market mutual funds, are held by a third party custodian in the County's name and are classified in the category of lowest custodial credit risk as defined by the Governmental Accounting Standards Board.

At June 30, 2001, the weighted average maturity of the County Pool was 172 days and the Educational Pool was 79 days. The average daily investment balance of the County Pool and the Educational Pool amounted to \$2.22 billion and \$1.20 billion, with an average yield of 6.25% and 6.07%, respectively, for the fiscal year ended June 30, 2001. The pools managed by the Treasurer have outperformed their designated benchmarks of the 90-day U.S. Treasury Bill and an average of four similar institutional money market funds.

Risk Management

The County has maintained a formal risk management program since the mid 1970's. Risk Management functions include risk identification, measurement, avoidance, loss prevention and mitigation programs, liability transfer (by contract and commercial insurance), risk retention, managing claims and litigation.

Resources are budgeted in the Workers' Compensation and Property, Casualty and Risk Internal Service Funds to pay program costs including losses, expenses and administration costs. Commercial insurance coverage is purchased for the County's property and for certain specialized liability exposures such as airport, dam, helicopter, watercraft, business interruption, crime bond, and notary bonds. All other liability exposures, including general, auto, and workers' compensation, are self-insured. Excess coverage for liability and workers' compensation has also been purchased. Various risk control techniques, including employee accident prevention training and regular work-site inspections, have been implemented to minimize losses. Actuarial studies are performed annually to determine the funding requirements for these activities.

Other Information

Independent Audit

The general purpose financial statements have been audited by the independent certified public accounting firm of Macias, Gini & Company LLP. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Institutions." The independent auditor's report, on the general purpose financial statements and the supplemental combining, individual fund and account group financial statements and schedules, is included in the Financial Section of this report. The auditor's reports related specifically to the Single Audit will be included in a separate publication.

GFOA Award

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Orange for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2000. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

County of Orange Web site

The County of Orange Web site at www.oc.ca.gov provides residents and anyone with internet access, extensive information about County government and the region. With more than 70,000 documents online, the County receives more than 1.5 million hits each month. Featured online are job listings, meeting agendas and County directories. The site provides several online services such as live and archived Board meeting audio, opportunities to comment on Board agenda items, virtual building permit applications and virtual job applications. Also available online are virtual order forms for birth, death and marriage certificates. In addition, the Web site is an excellent source of information on the Board of Supervisors, the Superior Court, assessment appeals, voter registration, elections, homeless prevention and the County's budget.

Acknowledgments

I would like to express my sincere appreciation to the staff from my office, other County departments, and the staff of the certified public accounting firm of Macias, Gini & Company LLP for making possible the timely presentation of this Comprehensive Annual Financial Report. I hope this report will be of interest and use to those in County government, other governmental agencies, and the public interested in the financial activity of the County of Orange.

Respectfully submitted,

original signed by
David E. Sundstrom

David E. Sundstrom, CPA
Auditor-Controller

**COUNTY OF ORANGE
PRINCIPAL COUNTY OFFICIALS
JUNE 30, 2001**

Elective Office (Other Than Judicial)

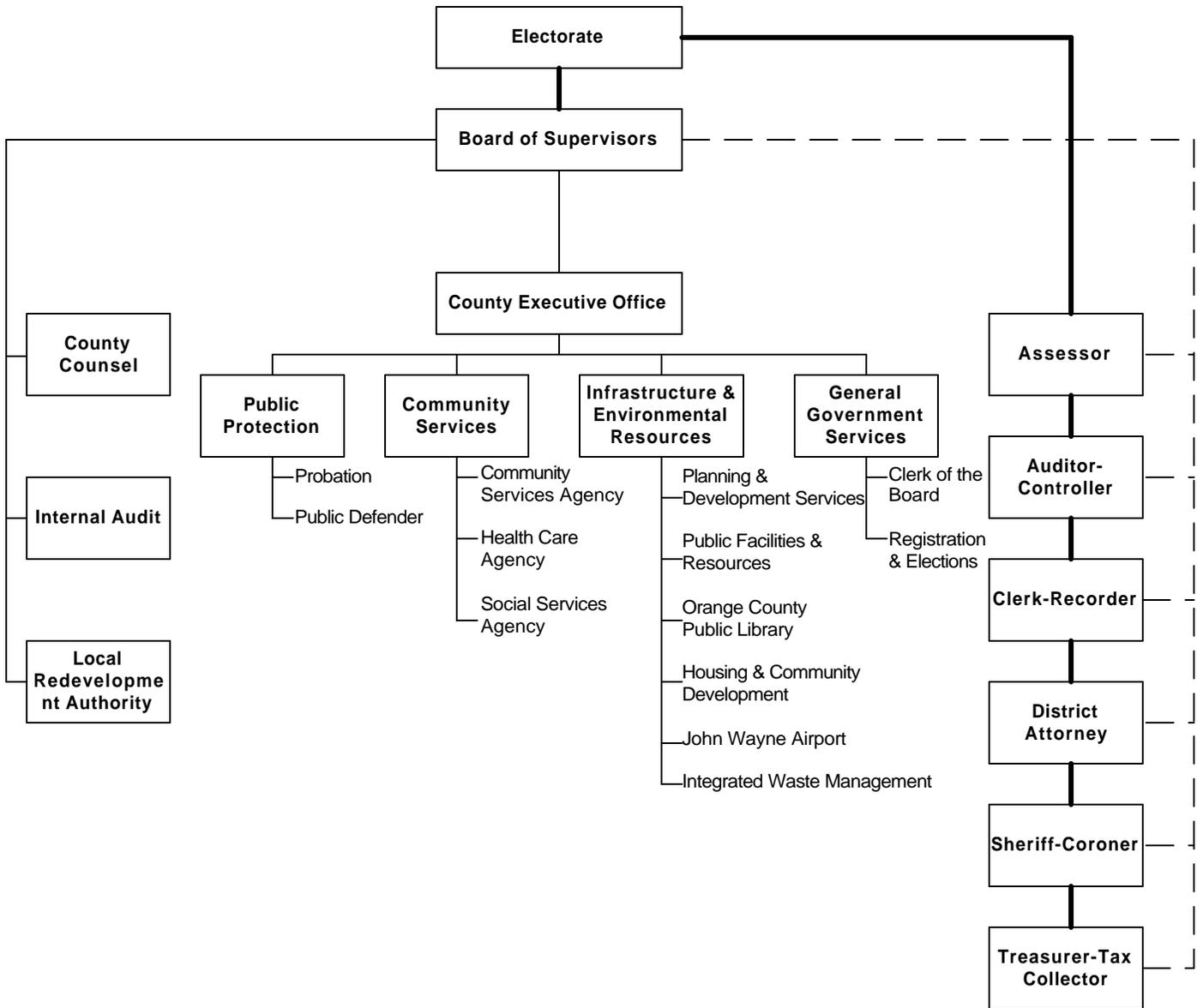
Office Holder

Supervisor, First District.....	Charles V. Smith
Supervisor, Second District.....	James W. Silva
Supervisor, Third District.....	Todd A. Spitzer
Supervisor, Fourth District.....	Cynthia P. Coad, Chair
Supervisor, Fifth District.....	Thomas W. Wilson
Assessor	Webster J. Guillory
Auditor-Controller	David E. Sundstrom, C.P.A.
County Clerk-Recorder	Gary L. Granville
District Attorney	Anthony Rackauckas
Public Administrator	William A. Baker
Sheriff-Coroner	Michael S. Carona
Treasurer-Tax Collector	John M. W. Moorlach, C.P.A., C.F.P.

Appointive Office

Agricultural Commissioner	Rick M. Le Feuvre
Clerk of the Board of Supervisors	Darlene J. Bloom
County Counsel.....	Laurence M. Watson
County Executive Officer.....	Michael Schumacher, Ph.D.
Assistant CEO, County Financial Officer	Gary C. Burton, C.P.A.
Assistant CEO, Human Resources	Jan Walden
Assistant CEO, Strategic & Intergovernmental Affairs	William D. Mahoney
Assistant CEO, Chief Information Officer	Leo E. Crawford
County Librarian	John M. Adams
County Probation Officer	Stephanie W. Lewis
Director of Community Services Agency	William A. Baker
Director of Health Care Agency	Juliette A. Poulson, R.N., M.N.
Director of Housing and Community Development	Paula Burrier-Lund
Director of Internal Audit.....	Peter M. Hughes, Ph.D., C.P.A., C.I.A., C.F.E.
Director of Integrated Waste Management Department.....	Jan Goss
Director of John Wayne Airport	Alan L. Murphy
Director of Planning & Development.....	Thomas B. Mathews
Director of Public Facilities & Resources Department.....	Vicki L. Wilson
Director of Social Services Agency	Larry M. Leaman
Executive Officer of Local Agency Formation Commission	Dana M. Smith
Public Guardian.....	William A. Baker
Public Defender.....	Carl C. Holmes
Registrar of Voters	Rosalyn A. Lever

**COUNTY OF ORANGE
ORGANIZATIONAL CHART
June 30, 2001**



- Elected by the Public
- - - -** Elected Officials: Statutorily-Required Board Administrative and Budget Oversight
- Administrative and Budget Direction

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Orange,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Samuel A. Brewer
President

Jeffrey L. Essler
Executive Director



Macias, Gini & Company LLP
Certified Public Accountants and
Management Consultants

Partners

Kenneth A. Macias, Managing Partner
Ernest J. Gini
Kevin J. O'Connell
Richard A. Green
Jan A. Rosati
James V. Godsey

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Suite 325
Los Angeles, CA 90071
213•612•0200
213•683•0443 FAX
www.maciasgini.com

Board of Supervisors
The County of Orange, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of the County of Orange, California (County), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Orange County Children and Families Commission (Commission), a discretely presented component unit, which statements represent 100% of the total assets and total revenues of the discretely presented component unit column in the general purpose financial statements. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Commission, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 13 to the general purpose financial statements, the County adopted the accounting and reporting standards for nonexchange transactions set forth in Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, effective July 1, 2000.

OFFICE LOCATIONS

Sacramento • Los Angeles • Fresno • San Francisco Bay Area

In accordance with *Government Auditing Standards*, we have also issued a report dated November 30, 2001, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Marcus, Dini & Company LLP

Certified Public Accountants

Los Angeles, California
November 30, 2001, except for
Note 24, as to which the
date is December 4, 2001



COUNTY OF ORANGE
COMBINED BALANCE SHEET
ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNIT
JUNE 30, 2001
(In Thousands)

	Governmental Fund Types				Proprietary Fund Types	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service
ASSETS AND OTHER DEBITS						
Pooled Cash/Investments (Notes 2 and 3)	\$ 238,090	\$ 515,253	\$ 11,802	\$ 310,373	\$ 314,079	\$ 126,489
Pooled Cash/Investments - Closure Costs (Notes 2, 3 and 16)	--	--	--	--	41,996	--
Cash Equivalents/Specific Investments (Notes 2 and 3)	--	--	--	--	26,435	--
Imprest Cash Funds (Notes 3 and 14)	1,644	174	--	--	49	55
Restricted Cash and Investments with Trustee (Note 3)	--	6,683	464,521	13,532	48,663	--
Investments (Notes 2 and 3)	--	3,094	--	31,316	10,570	--
Deposits In-Lieu of Cash	--	--	--	--	33,909	--
Receivables						
Accounts	6,088	4,758	--	81	13,117	188
Taxes (Note 2)	12,188	4,216	27,725	--	--	--
Interest/Dividends	--	9	--	85	913	--
Deposits	3,285	1,347	--	10,540	--	--
Notes	--	16,480	--	1,211	--	--
Loans	30	1,215	--	20	--	--
Leases	95	--	353	--	--	--
Allowance for Uncollectible Receivables	(488)	(54)	--	(8)	(17)	(9)
Due from Other Funds (Note 10)	134,117	61,013	751	5,960	5,220	5,685
Due from Primary Government (Note 10)	--	--	--	--	--	--
Due from Component Unit (Note 10)	12	--	--	--	--	--
Due from Other Governmental Agencies	94,510	9,405	--	3,938	1,677	59
Inventory of Materials and Supplies (Notes 2 and 14)	431	814	--	--	--	334
Prepaid Costs (Note 14)	1	96	--	--	974	--
Land and Improvements Held for Resale (Notes 2 and 14)	--	--	--	2,179	--	--
Land (Notes 2, 4 and 9)	--	--	--	--	32,748	--
Structures and Improvements (Notes 2, 4 and 9)	--	--	--	--	569,537	--
Accumulated Depreciation	--	--	--	--	(186,922)	--
Equipment (Notes 2, 4 and 9)	--	--	--	--	36,356	63,645
Accumulated Depreciation	--	--	--	--	(20,660)	(46,078)
Construction in Progress (Notes 2 and 4)	--	--	--	--	31,193	627
Bond Issuance Costs	--	--	--	--	2,296	--
Amount Available in Debt Service Funds	--	--	--	--	--	--
Amount to be Provided for Payment of General Long-Term Debt	--	--	--	--	--	--
Total Assets and Other Debits	<u>\$ 490,003</u>	<u>\$ 624,503</u>	<u>\$ 505,152</u>	<u>\$ 379,227</u>	<u>\$ 962,133</u>	<u>\$ 150,995</u>
LIABILITIES, EQUITY AND OTHER CREDITS						
Liabilities						
Accounts Payable	\$ 48,209	\$ 20,969	\$ 265	\$ 4,069	\$ 10,402	\$ 1,375
Salaries and Employee Benefits Payable	33,608	2,871	--	--	792	404
Interest Payable	--	--	--	--	297	--
Deposits from Others	1,028	38,228	--	4,497	44,502	--
Monies Held for Others	--	621	--	--	--	--
Due to Other Funds (Note 10)	36,569	25,861	1,731	1,731	6,585	387
Due to Primary Government (Note 10)	--	--	--	--	--	--
Due to Component Unit (Note 10)	--	--	--	--	--	--
Due to Other Governmental Agencies	10,816	3,261	1,391	961	2,002	6
Unapportioned Taxes (Note 2)	--	--	--	--	--	--
Insurance Claims Payable (Notes 2 and 18)	673	--	--	--	--	90,796
Compensated Employee Absences Payable (Note 2)	--	--	--	--	2,019	699
Arbitrage Rebate Payable (Note 7)	--	--	--	--	177	--
Pool Participant Claims (Note 1)	--	--	--	--	--	--
Deferred Revenue	31,523	5,542	8,029	52	1,387	412
Capital Lease Obligations Payable (Note 9)	--	--	--	--	--	--
Bonds Payable (Note 6)	--	--	--	--	235,685	--
Landfill Site Closure/Postclosure Liability (Note 16)	--	--	--	--	166,667	--
Estimated Litigation and Claims (Note 19)	--	--	--	--	--	--
Total Liabilities	<u>162,426</u>	<u>97,353</u>	<u>11,416</u>	<u>11,310</u>	<u>470,515</u>	<u>94,079</u>
Equity and Other Credits						
Investment in General Fixed Assets	--	--	--	--	--	--
Contributed Capital	--	--	--	--	59,781	23,561
Retained Earnings (Note 11)	--	--	--	--	431,837	33,355
Fund Balances						
Reserved (Note 14)	173,643	209,894	492,006	127,119	--	--
Unreserved						
Undesignated	153,934	317,256	1,730	240,798	--	--
Total Equity and Other Credits	<u>327,577</u>	<u>527,150</u>	<u>493,736</u>	<u>367,917</u>	<u>491,618</u>	<u>56,916</u>
Total Liabilities, Equity and Other Credits	<u>\$ 490,003</u>	<u>\$ 624,503</u>	<u>\$ 505,152</u>	<u>\$ 379,227</u>	<u>\$ 962,133</u>	<u>\$ 150,995</u>

The notes to the financial statements are an integral part of this statement.

Fiduciary Fund Types Trust and Agency	Account Groups		Total Primary Government (Memorandum Only)	O.C. Children and Families Commission Component Unit	Total Reporting Entity (Memorandum Only)	
	General Fixed Assets	General Long- Term Debt				
\$ 1,944,760	\$ --	\$ --	\$ 3,460,846	\$ 98,038	\$ 3,558,884	ASSETS AND OTHER DEBITS
--	--	--	41,996	--	41,996	Pooled Cash/Investments (Notes 2 and 3)
--	--	--	26,435	--	26,435	Pooled Cash/Investments - Closure Costs (Notes 2, 3 and 16)
100	--	--	2,022	--	2,022	Cash Equivalents/Specific Investments (Notes 2 and 3)
45,365	--	--	578,764	--	578,764	Imprest Cash Funds (Notes 3 and 14)
1,271	--	--	46,251	--	46,251	Restricted Cash and Investments with Trustee (Note 3)
14,320	--	--	48,229	--	48,229	Investments (Notes 2 and 3)
						Deposits In-Lieu of Cash
						Receivables
11,500	--	--	35,732	--	35,732	Accounts
151,318	--	--	195,447	7,463	202,910	Taxes (Note 2)
44,204	--	--	45,211	--	45,211	Interest/Dividends
--	--	--	15,172	--	15,172	Deposits
7,218	--	--	24,909	--	24,909	Notes
--	--	--	1,265	--	1,265	Loans
--	--	--	448	--	448	Leases
(11)	--	--	(587)	--	(587)	Allowance for Uncollectible Receivables
24,741	--	--	237,487	--	237,487	Due from Other Funds (Note 10)
--	--	--	--	1,254	1,254	Due from Primary Government (Note 10)
--	--	--	12	--	12	Due from Component Unit (Note 10)
67,457	--	--	177,046	--	177,046	Due from Other Governmental Agencies
--	--	--	1,579	--	1,579	Inventory of Materials and Supplies (Notes 2 and 14)
--	--	--	1,071	--	1,071	Prepaid Costs (Note 14)
--	--	--	2,179	--	2,179	Land and Improvements Held for Resale (Notes 2 and 14)
--	269,370	--	302,118	--	302,118	Land (Notes 2, 4 and 9)
--	642,212	--	1,211,749	--	1,211,749	Structures and Improvements (Notes 2, 4 and 9)
--	--	--	(186,922)	--	(186,922)	Accumulated Depreciation
--	215,063	--	315,064	--	315,064	Equipment (Notes 2, 4 and 9)
--	--	--	(66,738)	--	(66,738)	Accumulated Depreciation
--	235,109	--	266,929	--	266,929	Construction in Progress (Notes 2 and 4)
--	--	--	2,296	--	2,296	Bond Issuance Costs
--	--	475,552	475,552	--	475,552	Amount Available in Debt Service Funds
--	--	1,101,675	1,101,675	--	1,101,675	Amount to be Provided for Payment of General Long-Term Debt
<u>\$ 2,312,243</u>	<u>\$ 1,361,754</u>	<u>\$ 1,577,227</u>	<u>\$ 8,363,237</u>	<u>\$ 106,755</u>	<u>\$ 8,469,992</u>	Total Assets and Other Debits
LIABILITIES, EQUITY AND OTHER CREDITS						
\$ 3,681	\$ --	\$ --	\$ 88,970	\$ 1,483	\$ 90,453	Liabilities
40	--	--	37,715	21	37,736	Accounts Payable
--	--	--	297	--	297	Salaries and Employee Benefits Payable
9,769	--	--	98,024	--	98,024	Interest Payable
318,512	--	--	319,133	--	319,133	Deposits from Others
164,623	--	--	237,487	--	237,487	Monies Held for Others
--	--	--	--	12	12	Due to Other Funds (Note 10)
1,254	--	--	1,254	--	1,254	Due to Primary Government (Note 10)
26,273	--	--	44,710	--	44,710	Due to Component Unit (Note 10)
230,080	--	--	230,080	--	230,080	Due to Other Governmental Agencies
--	--	--	91,469	--	91,469	Unapportioned Taxes (Note 2)
--	--	84,568	87,286	--	87,286	Insurance Claims Payable (Notes 2 and 18)
--	--	56	233	--	233	Compensated Employee Absences Payable (Note 2)
--	--	4,000	4,000	--	4,000	Arbitrage Rebate Payable (Note 7)
--	--	--	46,945	--	46,945	Pool Participant Claims (Note 1)
--	--	--	60,237	--	60,237	Deferred Revenue
--	--	60,237	60,237	--	60,237	Capital Lease Obligations Payable (Note 9)
--	--	1,428,171	1,663,856	--	1,663,856	Bonds Payable (Note 6)
--	--	--	166,667	--	166,667	Landfill Site Closure/Postclosure Liability (Note 16)
--	--	195	195	--	195	Estimated Litigation and Claims (Note 19)
<u>754,232</u>	<u>--</u>	<u>1,577,227</u>	<u>3,178,558</u>	<u>1,516</u>	<u>3,180,074</u>	Total Liabilities
--	1,361,754	--	1,361,754	--	1,361,754	Equity and Other Credits
--	--	--	83,342	--	83,342	Investment in General Fixed Assets
--	--	--	465,192	--	465,192	Contributed Capital
1,557,990	--	--	2,560,652	105,239	2,665,891	Retained Earnings (Note 11)
--	--	--	--	--	--	Fund Balances
21	--	--	713,739	--	713,739	Reserved (Note 14)
1,558,011	1,361,754	--	5,184,679	105,239	5,289,918	Unreserved
<u>\$ 2,312,243</u>	<u>\$ 1,361,754</u>	<u>\$ 1,577,227</u>	<u>\$ 8,363,237</u>	<u>\$ 106,755</u>	<u>\$ 8,469,992</u>	Undesignated
						Total Equity and Other Credits
						Total Liabilities, Equity and Other Credits

COUNTY OF ORANGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS AND
DISCRETELY PRESENTED COMPONENT UNIT
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 200,836	\$ 86,356	\$ 16,392	\$ --
Licenses, Permits and Franchises	6,853	5,619	--	1
Fines, Forfeitures and Penalties	44,365	3,598	7,536	9,388
Use of Money and Property	29,277	56,793	20,655	20,814
Intergovernmental Revenues	1,252,681	177,339	14,705	19,721
Charges for Services	248,113	31,704	--	112
Contributions From Property Owners	--	--	--	25,536
Other Revenues	69,267	21,022	437	5,222
Total Revenues	<u>1,851,392</u>	<u>382,431</u>	<u>59,725</u>	<u>80,794</u>
Expenditures				
Current				
General Government	111,635	45,405	11,026	--
Public Protection	633,515	87,519	--	--
Public Ways and Facilities	26,707	35,601	--	--
Health and Sanitation	352,972	--	--	--
Public Assistance	516,572	69,196	--	--
Education	--	23,919	--	--
Recreation and Cultural Services	--	50,227	--	--
Capital Outlay	23,612	34,246	--	54,869
Debt Service				
Principal Retirement	2,447	1,907	40,560	--
Interest	4,296	1,215	76,140	--
Total Expenditures	<u>1,671,756</u>	<u>349,235</u>	<u>127,726</u>	<u>54,869</u>
Excess (Deficit) of Revenues Over Expenditures	179,636	33,196	(68,001)	25,925
Other Financing Sources (Uses)				
Operating Transfers In	59,362	75,636	82,131	34,351
Operating Transfers Out	(133,200)	(67,213)	(25,213)	(6,633)
Proceeds of Remarketed Debt (Note 6)	--	--	34,000	--
Proceeds from Capital Lease Obligations (Note 9)	6,544	--	--	--
Proceeds of Refunding Bonds (Note 6)	--	--	--	10,216
Payment to Remarketing Agent (Note 6)	--	--	(34,000)	--
Provision for Increase in Land Held for Resale	--	--	--	198
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses	112,342	41,619	(11,083)	64,057
Fund Balances - Beginning of Year	238,730	493,062	504,819	298,231
Adjustment Due to Change in Accounting Principle	(23,539)	(1,606)	--	(252)
Fund Balances - Beginning of Year, as Restated (Note 13)	215,191	491,456	504,819	297,979
Residual Equity Transfers From Other Funds	44	20,723	--	5,881
Residual Equity Transfers To Other Funds	--	(26,648)	--	--
Fund Balances - End of Year	<u>\$ 327,577</u>	<u>\$ 527,150</u>	<u>\$ 493,736</u>	<u>\$ 367,917</u>

The notes to the financial statements are an integral part of this statement.

Total Primary Government (Memorandum Only)	O.C. Children and Families Commission Component Unit	Total Reporting Entity (Memorandum Only)
\$ 303,584	\$ --	\$ 303,584
12,473	--	12,473
64,887	--	64,887
127,539	5,277	132,816
1,464,446	44,543	1,508,989
279,929	--	279,929
25,536	--	25,536
95,948	--	95,948
<u>2,374,342</u>	<u>49,820</u>	<u>2,424,162</u>
168,066	--	168,066
721,034	--	721,034
62,308	--	62,308
352,972	19,259	372,231
585,768	--	585,768
23,919	--	23,919
50,227	--	50,227
112,727	--	112,727
44,914	--	44,914
81,651	--	81,651
<u>2,203,586</u>	<u>19,259</u>	<u>2,222,845</u>
170,756	30,561	201,317
251,480	--	251,480
(232,259)	--	(232,259)
34,000	--	34,000
6,544	--	6,544
10,216	--	10,216
(34,000)	--	(34,000)
198	--	198
<u>206,935</u>	<u>30,561</u>	<u>237,496</u>
1,534,842	74,678	1,609,520
(25,397)	--	(25,397)
1,509,445	74,678	1,584,123
26,648	--	26,648
(26,648)	--	(26,648)
<u>\$ 1,716,380</u>	<u>\$ 105,239</u>	<u>\$ 1,821,619</u>

Revenues

Taxes
Licenses, Permits and Franchises
Fines, Forfeitures and Penalties
Use of Money and Property
Intergovernmental Revenues
Charges for Services
Contributions From Property Owners
Other Revenues
Total Revenues

Expenditures

Current
General Government
Public Protection
Public Ways and Facilities
Health and Sanitation
Public Assistance
Education
Recreation and Cultural Services
Capital Outlay
Debt Service
Principal Retirement
Interest
Total Expenditures
Excess (Deficit) of Revenues Over Expenditures

Other Financing Sources (Uses)

Operating Transfers In
Operating Transfers Out
Proceeds of Remarketed Debt (Note 6)
Proceeds from Capital Lease Obligations (Note 9)
Proceeds of Refunding Bonds (Note 6)
Payment to Remarketing Agent (Note 6)
Provision for Increase in Land Held for Resale
Excess (Deficit) of Revenues and Other Sources over Expenditures and Other Uses

Fund Balances - Beginning of Year

Adjustment Due to Change in Accounting Principle
Fund Balances - Beginning of Year, as Restated (Note 13)
Residual Equity Transfers From Other Funds
Residual Equity Transfers To Other Funds
Fund Balances - End of Year

COUNTY OF ORANGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES/ENCUMBRANCES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	General Fund		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 192,194	\$ 200,633	\$ 8,439
Licenses, Permits and Franchises	6,436	6,853	417
Fines, Forfeitures and Penalties	36,849	42,343	5,494
Use of Money and Property	17,268	28,406	11,138
Intergovernmental Revenues	1,234,541	1,222,380	(12,161)
Charges for Services	267,492	256,354	(11,138)
Other Revenues	130,176	78,407	(51,769)
Total Revenues	<u>1,884,956</u>	<u>1,835,376</u>	<u>(49,580)</u>
Expenditures/Encumbrances			
Current			
General Government	139,416	113,170	26,246
Public Protection	679,054	636,099	42,955
Public Ways and Facilities	38,072	33,518	4,554
Health and Sanitation	366,135	351,344	14,791
Public Assistance	583,662	532,732	50,930
Total Current	<u>1,806,339</u>	<u>1,666,863</u>	<u>139,476</u>
Capital Outlay	68,026	19,111	48,915
Debt Service			
Principal Retirement	29,835	29,598	237
Interest	48,613	48,364	249
Total Expenditures/Encumbrances	<u>1,952,813</u>	<u>1,763,936</u>	<u>188,877</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances	(67,857)	71,440	139,297
Other Financing Sources (Uses)			
Operating Transfers In	95,783	53,281	(42,502)
Operating Transfers Out	(69,178)	(63,803)	5,375
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(41,252)	60,918	102,170
Fund Balance - Beginning of Year	162,251	162,251	--
Residual Equity Transfers From Other Funds	3	44	41
Residual Equity Transfers To Other Funds	(3,337)	(128)	3,209
Fund Balance - End of Year	<u>\$ 117,665</u>	<u>\$ 223,085</u>	<u>\$ 105,420</u>

The notes to the financial statements are an integral part of this statement.

	Special Revenue Funds		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 83,858	\$ 86,218	\$ 2,360
Licenses, Permits and Franchises	6,448	5,618	(830)
Fines, Forfeitures and Penalties	2,921	3,597	676
Use of Money and Property	48,879	53,249	4,370
Intergovernmental Revenues	206,222	120,339	(85,883)
Charges for Services	39,367	32,813	(6,554)
Other Revenues	43,890	20,333	(23,557)
Total Revenues	<u>431,585</u>	<u>322,167</u>	<u>(109,418)</u>
Expenditures/Encumbrances			
Current			
General Government	108,389	41,941	66,448
Public Protection	164,111	98,799	65,312
Public Ways and Facilities	48,671	33,236	15,435
Public Assistance	31,138	18,031	13,107
Education	24,805	24,155	650
Recreation and Cultural Services	52,243	51,218	1,025
Total Current	<u>429,357</u>	<u>267,380</u>	<u>161,977</u>
Capital Outlay	148,599	42,609	105,990
Debt Service			
Principal Retirement	42,761	2,559	40,202
Interest	2,489	2,311	178
Total Expenditures/Encumbrances	<u>623,206</u>	<u>314,859</u>	<u>308,347</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances	(191,621)	7,308	198,929
Other Financing Sources (Uses)			
Operating Transfers In	67,970	76,286	8,316
Operating Transfers Out	(106,166)	(66,562)	39,604
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(229,817)	17,032	246,849
Fund Balances - Beginning of Year	401,969	401,969	--
Residual Equity Transfers From Other Funds	2	2	--
Residual Equity Transfers To Other Funds	(63,994)	(794)	63,200
Fund Balances - End of Year	<u>\$ 108,160</u>	<u>\$ 418,209</u>	<u>\$ 310,049</u>

(Continued)

COUNTY OF ORANGE
COMBINED STATEMENT OF REVENUES, EXPENDITURES/ENCUMBRANCES
AND CHANGES IN FUND BALANCES (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Debt Service Funds		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 13,577	\$ 16,392	\$ 2,815
Fines, Forfeitures and Penalties	2	33,679	33,677
Use of Money and Property	8,965	13,472	4,507
Intergovernmental Revenues	14,677	14,706	29
Other Revenues	35,006	113	(34,893)
Total Revenues	<u>72,227</u>	<u>78,362</u>	<u>6,135</u>
Expenditures/Encumbrances			
Current			
General Government	177,642	36,427	141,215
Total Current	<u>177,642</u>	<u>36,427</u>	<u>141,215</u>
Debt Service			
Principal Retirement	12,406	11,630	776
Interest	32,914	30,137	2,777
Total Expenditures/Encumbrances	<u>222,962</u>	<u>78,194</u>	<u>144,768</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances	(150,735)	168	150,903
Other Financing Sources (Uses)			
Operating Transfers In	9,350	9,833	483
Operating Transfers Out	(21,100)	(19,241)	1,859
Proceeds of Remarketed Debt	--	34,000	34,000
Payments To Remarketing Agent	(34,000)	(34,000)	--
Deficit of Revenues and Other Sources Over Expenditures and Other Uses	(196,485)	(9,240)	187,245
Fund Balances - Beginning of Year	414,895	414,895	--
Residual Equity Transfers To Other Funds	(6)	--	6
Fund Balances - End of Year	<u>\$ 218,404</u>	<u>\$ 405,655</u>	<u>\$ 187,251</u>

The notes to the financial statements are an integral part of this statement.

	Capital Projects Funds		
	Revised Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
Revenues			
Licenses, Permits and Franchises	\$ --	\$ 1	\$ 1
Fines, Forfeitures and Penalties	7,800	9,388	1,588
Use of Money and Property	12,786	21,098	8,312
Intergovernmental Revenues	33,565	20,058	(13,507)
Charges for Services	70	24	(46)
Contributions From Property Owners	25,686	25,536	(150)
Other Revenues	<u>2,767</u>	<u>6,093</u>	<u>3,326</u>
Total Revenues	<u>82,674</u>	<u>82,198</u>	<u>(476)</u>
Expenditures/Encumbrances			
Capital Outlay	284,671	46,160	238,511
Debt Service			
Principal Retirement	2,325	2,325	--
Interest	<u>5,104</u>	<u>5,095</u>	<u>9</u>
Total Expenditures/Encumbrances	<u>292,100</u>	<u>53,580</u>	<u>238,520</u>
Excess (Deficit) of Revenues Over Expenditures/Encumbrances	(209,426)	28,618	238,044
Other Financing Sources (Uses)			
Operating Transfers In	42,072	34,609	(7,463)
Operating Transfers Out	(9,919)	(2,224)	7,695
Bond Issuance Proceeds	<u>10,355</u>	<u>10,216</u>	<u>(139)</u>
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(166,918)	71,219	238,137
Fund Balances - Beginning of Year	355,944	355,944	--
Residual Equity Transfers From Other Funds	<u>422</u>	<u>421</u>	<u>(1)</u>
Fund Balances - End of Year	<u>\$ 189,448</u>	<u>\$ 427,584</u>	<u>\$ 238,136</u>

COUNTY OF ORANGE
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE AND CONTRIBUTED CAPITAL
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating Revenues				
Use of Money and Property	\$ 59,475	\$ --	\$ --	\$ 59,475
Licenses, Permits and Franchises	68	--	--	68
Charges for Services	111,861	32,564	--	144,425
Insurance Premiums	--	78,503	--	78,503
Other Revenues	522	2,236	3	2,761
Total Operating Revenues	171,926	113,303	3	285,232
Operating Expenses				
Salaries and Employee Benefits	22,002	8,172	--	30,174
Services and Supplies	12,751	22,622	--	35,373
Professional Services	22,886	10,362	--	33,248
Operating Leases	6,205	607	--	6,812
Insurance Claims	--	73,648	--	73,648
Other Charges	20,007	11,877	--	31,884
Landfill Site Closure/Postclosure Costs	10,494	--	--	10,494
Depreciation	25,551	4,587	--	30,138
Total Operating Expenses	119,896	131,875	--	251,771
Operating Income (Loss)	52,030	(18,572)	3	33,461
Nonoperating Revenues (Expenses)				
Fines, Forfeitures and Penalties	36	--	--	36
Intergovernmental Revenues	246	--	--	246
Interest Revenue	23,600	8,131	14	31,745
Interest Expense	(16,322)	--	--	(16,322)
Income (Loss) on Disposition of Fixed Assets	33	(62)	--	(29)
Other Revenues	932	--	--	932
Total Nonoperating Revenues	8,525	8,069	14	16,608
Income (Loss) Before Capital Contributions and Operating Transfers				
	60,555	(10,503)	17	50,069
Capital Contributions	5,646	--	--	5,646
Operating Transfers In	--	905	--	905
Operating Transfers Out	(19,371)	(755)	--	(20,126)
Net Income (Loss)	46,830	(10,353)	17	36,494
Add Depreciation Related To Assets Acquired with Contributed Capital				
	2,402	366	--	2,768
Retained Earnings/Fund Balance - Beginning of Year				
	382,605	43,342	58	426,005
Retained Earnings/Fund Balance - End of Year				
	\$ 431,837	\$ 33,355	\$ 75	\$ 465,267

The notes to the financial statements are an integral part of this statement.

	Proprietary Fund Types		Fiduciary	Total (Memorandum Only)
	Enterprise	Internal Service	Fund Type Nonexpendable Trust	
Contributed Capital:				
County				
Balances - Beginning of Year	\$ 2,084	\$ 23,761	\$ --	\$ 25,845
Cash Additions	--	128	--	128
Fixed Assets - Addition	--	38	--	38
Fixed Assets - Depreciation	(9)	(366)	--	(375)
Balances - End of Year	<u>2,075</u>	<u>23,561</u>	<u>--</u>	<u>25,636</u>
Federal Aviation Administration				
Balances - Beginning of Year	59,977	--	--	59,977
Fixed Assets - Depreciation	(2,393)	--	--	(2,393)
Balances - End of Year	<u>57,584</u>	<u>--</u>	<u>--</u>	<u>57,584</u>
State of California				
Balances - Beginning and End of Year	<u>122</u>	<u>--</u>	<u>--</u>	<u>122</u>
Total Contributed Capital				
Balances - Beginning of Year	62,183	23,761	--	85,944
Cash Additions	--	128	--	128
Fixed Assets - Addition	--	38	--	38
Fixed Assets - Depreciation	(2,402)	(366)	--	(2,768)
Balances - End of Year	<u>\$ 59,781</u>	<u>\$ 23,561</u>	<u>\$ --</u>	<u>\$ 83,342</u>

COUNTY OF ORANGE
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash Flows From Operating Activities:				
Operating Income (Loss)	\$ 52,030	\$ (18,572)	\$ 3	\$ 33,461
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:				
Depreciation	25,551	4,587	--	30,138
Provision for Landfill Site Closure/Postclosure Costs	10,494	--	--	10,494
Fines, Forfeitures and Penalties	36	--	--	36
Other Nonoperating Revenues	932	--	--	932
(Increases) Decreases In:				
Deposits In-Lieu of Cash	2,592	--	--	2,592
Accounts Receivable	1,766	(5)	--	1,761
Deposits Receivable	3	--	--	3
Due From Other Funds	262	(1,861)	--	(1,599)
Due From Other Governmental Agencies	(627)	10	--	(617)
Prepaid Costs	(974)	--	--	(974)
Inventory of Materials and Supplies	--	12	--	12
Increases (Decreases) In:				
Accounts Payable	(3,780)	13	--	(3,767)
Salaries and Employee Benefits Payable	23	(7)	--	16
Deposits From Others	2,689	--	--	2,689
Due to Other Funds	(3,770)	(81)	--	(3,851)
Due to Other Governmental Agencies	1,013	(27)	--	986
Insurance Claims Payable	--	7,976	--	7,976
Compensated Employee Absences Payable	87	28	--	115
Arbitrage Rebate Payable	69	--	--	69
Deferred Revenue	(544)	(369)	--	(913)
Landfill Site Closing Disbursements	(544)	--	--	(544)
Total Adjustments	35,278	10,276	--	45,554
Net Cash Provided (Used) By Operating Activities	87,308	(8,296)	3	79,015
Cash Flows From Noncapital Financing Activities:				
Operating Transfers Out	(16,042)	(755)	--	(16,797)
Intergovernmental Revenues	246	--	--	246
Net Cash Used By Noncapital Financing Activities	(15,796)	(755)	--	(16,551)
Cash Flows From Capital and Related Financing Activities:				
Acquisition of Capital Assets	(24,507)	(3,429)	--	(27,936)
Principal Paid on Bonds	(12,860)	--	--	(12,860)
Interest Paid on Long-Term Debt	(14,132)	--	--	(14,132)
Capital Contributions	5,646	128	--	5,774
Operating Transfers In	--	905	--	905
Proceeds From Sale of Fixed Assets	58	96	--	154
Net Cash Used By Capital and Related Financing Activities	(45,795)	(2,300)	--	(48,095)
Cash Flows From Investing Activities:				
Interest on Investments	22,835	8,131	14	30,980
Sale/Maturities of Investments	(3,912)	--	--	(3,912)
Net Cash Provided By Investing Activities	18,923	8,131	14	27,068
Net Increase (Decrease) In Cash and Cash Equivalents	44,640	(3,220)	17	41,437
Cash and Cash Equivalents - Beginning of Year	357,215	129,764	211	487,190
Cash and Cash Equivalents - End of Year	<u>\$ 401,855</u>	<u>\$ 126,544</u>	<u>\$ 228</u> (1)	<u>\$ 528,627</u>
(1) Included in the \$ 1,944,759 reported for Trust and Agency Funds				
Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts				
Pooled Cash/Investments	\$ 314,079	\$ 126,489	\$ 228	\$ 440,796
Pooled Cash/Investments - Closure Costs	41,996	--	--	41,996
Cash Equivalents/Specific Investments	26,435	--	--	26,435
Imprest Cash Funds	49	55	--	104
Restricted Cash and Investments with Trustee	19,296 (2)	--	--	19,296
Total Cash and Cash Equivalents	<u>\$ 401,855</u>	<u>\$ 126,544</u>	<u>\$ 228</u>	<u>\$ 528,627</u>
(2) Does not include \$10,028 from Waste Management and \$19,339 from Airport nonliquid Restricted Cash and Investments with Trustee.				

The notes to the financial statements are an integral part of this statement.

**COUNTY OF ORANGE
 COMBINED STATEMENT OF CHANGES IN NET ASSETS
 PENSION AND INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001
 (In Thousands)**

	Pension Trust Fund	Investment Trust Funds	Total (Memorandum Only)
Additions:			
Employee Contributions	\$ 1,038	\$ --	\$ 1,038
Contributions to Pooled Investments	--	5,922,746	5,922,746
Interest and Investment Income	188	80,856	81,044
Less: Investment Expense	(3)	(1,517)	(1,520)
Total Additions	1,223	6,002,085	6,003,308
Deductions:			
Refunds of Prior Contributions	463	--	463
Distributions from Pooled Investments	--	5,806,795	5,806,795
Total Deductions	463	5,806,795	5,807,258
Net Increase	760	195,290	196,050
Net Assets Held in Trust, Beginning of Year	2,708	1,359,178	1,361,886
Net Assets Held in Trust, End of Year	\$ 3,468	\$ 1,554,468	\$ 1,557,936

The notes to the financial statements are an integral part of this statement.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

1. BANKRUPTCY RECOVERY

Background

On December 6, 1994, the County of Orange (the "County") filed for protection under Chapter 9 of the United States Bankruptcy Code as a result of losses arising out of the County investment pool (the "Pool"). The liquidation of the Pool's portfolio resulted in the realization of an investment loss of approximately \$1,600,000. This loss was recorded on the County's books and records for Fiscal Year (FY) 1994-1995 with approximately \$600,000 allocable (on a pro rata basis) to the County's accounts, and substantially all of the remainder allocable to accounts of non-County Pool participants, such as cities, school districts and special districts.

In response to the bankruptcy, the County prepared a comprehensive recovery plan, which incorporated budget cuts, administrative reorganization, a settlement agreement with Pool participants, and various methods to raise funds. The County obtained State legislation consisting of Chapters 745, 746, 747 and 748 of the 1995 Statutes (the "Recovery Statutes") to provide for certain monies received from the State that would have otherwise been allocated to other County funds and other governmental agencies, to be deposited to the County's General Fund.

The Recovery Statutes were subsequently challenged by a local taxpayer on December 18, 1996, when the County was named as one of the defendants in the "White Complaint." The White Complaint sought a judicial declaration that, among other things, the County's bankruptcy Recovery Statutes are unconstitutional and violate State law. On August 8, 1997, the County's demurrer to the White Complaint was sustained without leave to amend. By order dated October 22, 1997, the court dismissed the action. On April 4, 2001, the Court of Appeal affirmed the trial court decision and on June 27, 2001, the California Supreme Court denied review of the case. The Supreme Court's denial of review renders the trial court's order granting the County's demurrer final and unappealable.

The recovery plan, including the Modified Second Amended Plan of Adjustment (the "Plan"), provides that the legislatively redirected revenues from the Recovery Statutes, or other County monies in an equivalent amount, together with certain other County revenues will be used to satisfy the principal and interest payments on the Plan of Adjustment Certificates of Participation (the "Plan COPs") and to amortize deficiencies in Class B-11, B-12 and B-13 County-Administered Account Claims, as defined in the Plan. County-Administered Account Claims consist of investment losses in County-Administered accounts such as Unapportioned Property Taxes, but do not include investment losses for funds invested by outside entities investing with the County Treasurer. The Plan COPs in the amount of \$760,800, and Refunding Recovery Bonds (the "Recovery Bonds") in the amount of \$278,790, represent obligations of the County, payable from the General Fund. Including principal payments and defeasances, balances of the Plan COPs and the Recovery Bonds, as of June 30, 2001, are \$680,975 and \$247,455, respectively (See Note 6). The enacted Recovery Statutes provide the Plan COPs holders with statutory liens on the County's motor vehicle license fees and certain sales tax revenues, and further permitted the County to elect to have the amount of these fees and revenues necessary to pay each installment of principal and interest on this borrowing intercepted by the State Controller and paid directly to the trustee of the Plan COPs. The Recovery Bonds are secured by a pledge and intercept of motor vehicle license fees, pursuant to legislation adopted prior to the Recovery Statutes. Recent State legislation has reduced the amount of motor vehicle license fees paid by owners of automobiles in the State. The State has made up the difference in motor vehicle license fees collected under reduced rates and the fees that would have been collected under the old fee formula, with monies from the State general fund.

The Plan was confirmed by the United States Bankruptcy Court for the Central District of California in its Order Confirming Modified Second Amended Plan of Adjustment entered on May 16, 1996. On June 12, 1996, the Plan COPs were issued, and the County emerged from bankruptcy.

Since FY 1996-97, redirected and intercepted revenues have been sufficient to pay debt service on the Plan COPs and to pay the annual amount of \$800 plus interest due on Option B Pool Participant warrants, as well as providing a total of \$46,237 of Available Cash (as defined in the Plan) to partially reimburse the County-Administered Accounts (as defined in the Plan) for losses allocated pursuant to the Comprehensive Settlement Agreement. At the beginning of this fiscal year, the remaining balance for Option B Pool Participants was \$4,800; that amount has been reduced by the required annual amount of \$800, so that the remaining balance at the end of this fiscal year is \$4,000.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

1. BANKRUPTCY RECOVERY (Cont'd)

In accordance with the provisions for allocation of Available Cash in the Plan, along with \$8,718 of other reimbursements, to date Class B-11 school participants and B-12 non-school participants have been repaid their total loss amount of \$13,099 and \$15,297, respectively. The remaining B-13 participants have been repaid \$44,016. The B-13 participants represent funds that are within the County government. Since the nature of the obligation is now one in which the County owes itself, the associated General Long-Term Debt of \$195,745 outstanding as of July 1, 2000 has been removed from the Balance Sheet. Essentially, the B-13 County-Administered Account Claims against Available Cash represent a contingent claim based on the amount of Available Cash. Available Cash will cease once the bankruptcy debt is repaid.

FY 2001-02 General Fund Budget

The FY 2001-02 General Fund Budget was adopted by the Board of Supervisors as a balanced budget on June 26, 2001, and includes all bankruptcy-related debt service payments and related redirected and intercepted revenues. The FY 2001-02 General Fund Budget of \$2,174,324 represents an increase of 7.4% over the FY 2000-01 Modified Budget. This budget funds all FY 2001-02 Board approved Strategic Priorities; reserves \$1,500 for future year planned strategic priority projects; and increases the contingency fund to \$22,000 (\$17,000 reserved plus \$5,000 appropriated).

In addition, the FY 2001-02 General Fund Budget adds \$16,586 to the Debt Prepayment fund established by the Board of Supervisors in October 1999. This fund is intended to be used to reduce County debt levels by defeasing high-coupon County General Fund debt obligations, which may have particularly onerous administrative and/or costly legal restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the County of Orange:

A. Reporting Entity

The County is a legal subdivision of the State of California charged with general governmental powers. The County's powers are exercised through an elected five-member Board of Supervisors which, as the governing body, is responsible for the legislative and executive control of the County. The County provides a full range of general government services, including police protection, detention and correction, public assistance, health and sanitation, recreation, library, flood control, waste management, airport management, and general financial and administrative support.

As required by generally accepted accounting principles, these financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the County's operations, and the County Board of Supervisors is typically their governing body. Therefore, data from these component units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the County. Management applied the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 to determine whether the following component units should be reported as blended or discretely presented component units:

Blended Component Units

Orange County Flood Control District. The governing body of the District is the County's governing body. Among its duties, it approves the District's budget, determines the District's tax rates, approves contracts, and appoints the management. The District is reported in governmental fund types.

Orange County Development Agency. The governing body of the Agency is the County's governing body. Among its duties, it approves the Agency's budget and appoints the management. The Agency is reported in governmental fund types. Separate financial statements are issued for this component unit. Copies of the financial statements can be obtained from Housing & Community Development Accounting.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

A. Reporting Entity (Cont'd)

Blended Component Units (Cont'd)

Orange County Housing Authority. The governing body of the Authority is the County's governing body. Among its duties, it approves the Authority's budget, determines the rates and charges for the use of facilities and appoints the management. The Authority is reported in governmental fund types.

Orange County Civic Center Authority. The Authority is a joint powers authority of the County and the City of Santa Ana. It has a five member governing body with two members appointed by each of the County and the City of Santa Ana and the fifth member appointed by the other four members. The County has control over operations and responsibility for fiscal management of the Authority. The Authority is fiscally dependent upon the County and provides almost all services entirely to the County and the City of Santa Ana. Separate financial statements are also issued for this component unit. Copies of the financial statements can be obtained from Public Facilities & Resources Department (PFRD) Accounting. The Authority is reported in governmental fund types.

Orange County Financing Authority. The Authority is a joint powers authority of the Orange County Development Agency and the Orange County Housing Authority, formed for the purpose of assisting the Orange County Development Agency in financing and refinancing its redevelopment projects and activities. The governing body of the Authority is the County's governing body. The Authority is reported in governmental fund types.

Orange County Special Financing Authority. The Authority is a joint powers authority of the County and the Orange County Development Agency, formed to assist in the refinancing of the County's Teeter Plan program, and in the financing of public capital improvements and other projects. The governing body of the Authority is the County's governing body. Separate financial statements are issued for this component unit. Copies of the financial statements can be obtained from the County Executive Office (CEO)/Public Finance Accounting. The Authority is reported in governmental fund types.

Orange County Public Financing Authority. The Authority is a joint powers authority of the County and the Orange County Development Agency, formed to provide financial assistance to the County by financing the acquisition, construction, and improvement of public facilities in the County. The governing body of the Authority is the County's governing body. The activities of the Authority occur within the proprietary fund types.

Orange County Public Facilities Corporation. The corporation has its own five member governing body appointed by the County's governing body, and provides services entirely to the primary government (the County) through the purchase, construction or leasing of land and/or facilities which are then leased back to the County. The Corporation is reported in governmental fund types.

County Service Areas, Special Assessment Districts, and Community Facilities Districts. The governing body of County Service Areas, Special Assessment Districts, and Community Facilities Districts ("special districts") is the County's governing body. Among its duties, it approves the special districts' budgets, approves parcel fees, special assessments and special taxes, and appoints the management. The special districts are reported in governmental fund types.

Discretely Presented Component Unit

Orange County Children and Families Commission. The Commission is administered by a governing board of nine members, who are appointed by the County Board of Supervisors. Its purpose is to develop, adopt, promote and implement early childhood development programs in the County, funded by additional State taxes on tobacco products approved by California voters via Proposition 10 in November 1998. The Commission is presented as a discrete component unit of the County because, although the County Board of Supervisors has no control over the revenues, budgets, staff, or funding decisions made by the Commission, the appointed Commission members serve at the will of the Board members who appoint them. A separate stand alone annual financial report can be obtained by writing to The Orange County Children and Families Commission, 17320 Redhill Avenue, Suite 200, Irvine, CA, 92614.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Fund Accounting

The County uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary, and fiduciary "fund types."

Governmental Fund Types:

General Fund - The general fund is used to account for resources traditionally associated with government and all other resources which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary fund types and trust funds).

Proprietary Fund Types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - Internal service funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, or to other governmental entities, on a cost-reimbursement basis.

Fiduciary Fund Types:

Trust and Agency Funds - Trust and agency funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. When these assets are held under the terms of a formal trust agreement, a pension trust, investment trust, educational investment trust, nonexpendable trust or expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the County is under an obligation to maintain the trust principal. Agency funds are generally used to account for assets that the County holds on behalf of others as their agent.

Account Groups:

General Fixed Assets - The general fixed assets account group is used to account for all fixed assets of the County, other than those accounted for in proprietary funds or similar trust funds.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Fund Accounting (Cont'd)

Account Groups (Cont'd):

General Long-Term Debt - The General Long-Term Debt Account Group (GLTDAG) is used to account for the unmatured principal of bonds and notes, and other forms of non-current or long-term general obligation debt that are not a specific liability of any proprietary fund or similar trust funds.

The County maintains 482 individual funds. Certain similar special revenue, debt service, capital projects, enterprise, and trust and agency funds have been grouped on a functional basis in conformity with generally accepted accounting principles (GAAP) to enhance communication and understanding of the financial statements.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types, nonexpendable trust, pension trust, and investment trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type and similar trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is followed for the general, special revenue, debt service, capital projects and agency funds. Revenues and other governmental fund type financial resources increments (i.e., bond issuance proceeds) are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the fiscal period. Revenues which are accrued include real and personal property taxes, sales taxes, motor vehicle in-lieu taxes, fines, forfeitures and penalties, interest, federal and state grants and subventions, charges for current services, and the portion of long-term sales contracts and leases receivable that are measurable and available and where collectibility is assured. Revenues that are not considered susceptible to accrual include penalties on delinquent property taxes and minor licenses and permits.

Most expenditures are recorded when the related fund liabilities are incurred. However, inventory type items are considered expenditures at the time of use and principal and interest expenditures on bonded debt are recorded in the year in which they become due for payment. Costs of claims, judgments, compensated employee absences and employer pension contributions are recorded as expenditures during the fiscal year when they would normally be liquidated with expendable available financial resources. The related long-term obligation is recorded in the GLTDAG at year-end. Commitments such as purchase orders and contracts for materials and services are recorded as encumbrances. Reservations of fund balance are created for encumbrances outstanding at year-end.

The accrual basis of accounting is followed for enterprise, internal service, nonexpendable trust, pension trust, and investment trust funds. Generally, revenues are recognized when earned and expenses are recognized when incurred. Grants are recorded as non-operating revenues when earned, except for those restricted for capital acquisitions, which are recorded as capital contributions in the operating statement. Under GASB Statement No. 20, the County has elected not to apply Financial Accounting Standards Board pronouncements issued after November 30, 1989.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budget Adoption and Revision

No later than October 2nd of each year, after conducting public hearings concerning the proposed budget, the County Board of Supervisors adopts a budget in accordance with Government Code Sections 29000-29144 and 30200. The County publishes the results of this initial budgeting process in a separate report, the "Final Budget," which specifies all accounts established within each fund-agency unit (a collection of account numbers necessary to fund a certain division or set of goal-related activities).

The governmental funds are comprised of multiple fund-agency units, with the exception of the "Public Library," "Redevelopment Agency," "Harbors, Beaches, and Parks District," "Taxable Note Repayment," "Restricted Refinancing Proceeds," "Recovery Certificates of Participation," "Deferred Compensation Reimbursement", special revenue funds; "Pension Obligation Bonds," "Refunding Recovery Bonds" and "Orange County Special Financing Authority," debt service funds; "Public Library," "Flood Control District" and "Telecommunications Equipment" capital project funds, which are comprised of individual fund-agency units.

Each year the initial adopted budget is adjusted to reflect increases or decreases in revenues and changes in fund balance, offset by an equal amount of increased appropriations for new reimbursement contracts not in the original budget. Department heads are authorized to approve appropriation transfers within a fund-agency unit. However, appropriation transfers between fund-agency units require approval of the Board of Supervisors. Accordingly, the lowest level of budgetary control exercised by the County's governing body is the fund-agency unit level, which represents a Department or an Agency. Final appropriations reflected in the "Revised Budget" columns of the "Combined Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances - Budget and Actual on Budgetary Basis - All Governmental Fund Types" include reductions to appropriations in the amount of \$340,214.

Annual budgets were adopted for the individual funds comprising the following governmental fund type fund categories (listed by fund type/fund category):

General

Special Revenue

- * Parking Facilities and Civic Center Authority
- Roads
- Public Library
- Redevelopment Agency
- Flood Control District
- Harbors, Beaches and Parks District
- Service Areas, Lighting and Maintenance Districts
- Other Environmental Management
- Other Public Protection
- Community Services
- Designated Special Revenue Funds
- Restricted Refinancing Proceeds
- Recovery Certificates of Participation
- Schedule I County-Administered Accounts and Litigation Proceeds
- Plan of Adjustment Available Cash
- Deferred Compensation Reimbursement
- Tobacco Settlement
- * Orange County Housing Authority

Debt Service

- Redevelopment Agency Bonds
- * General Obligation, Other Revenue Bonds
- Pension Obligation Bonds
- Refunding Recovery Bonds
- Orange County Special Financing Authority

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budget Adoption and Revision (Cont'd)

Capital Projects
 Criminal Justice Facilities
 Public Library
 Flood Control District
 Redevelopment Agency
 Special Assessment Districts, Community Facilities Districts and Service Areas
 Telecommunications Equipment

Excluded from the Combined Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances - Budget and Actual on a Budgetary Basis are the following governmental fund type fund categories for which annual budgets were neither legally required nor adopted (listed by fund type/fund category):

Debt Service
 Public Facilities Corporation Bonds, Master Lease
 Recovery Certificates of Participation

* For reporting purposes, these fund categories include both budgeted and non-budgeted funds . The following defines the funds included in those fund categories:

<u>FUND :</u>	<u>BUDGETED</u>	<u>NONBUDGETED</u>
<u>Special Revenue:</u> Parking Facilities and Civic Center Authority	Parking Facilities	Orange County Civic Center Parking/ General Operating Orange County Civic Center Parking/ Maintenance
Orange County Housing Authority	Orange County Housing Authority Operating Reserve	Orange County Housing Authority
<u>Debt Service:</u> General Obligation, Other Revenue Bonds	Flood Control District Bonds 1957 I & S	Orange County Civic Center State Building Lease

E. Encumbrances and Appropriations

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the general, special revenue and capital projects funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of the expenditures that will ultimately result if the unperformed contracts in process at year-end are completed. Encumbrances at year-end do not constitute GAAP basis expenditures or liabilities. Only unencumbered, unexpended appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures. For budgetary purposes, the total of expenditures plus encumbrances cannot legally exceed budgeted appropriations.

F. Cash and Investments

The County maintains two cash and investment pools: the Orange County Investment Pool (the County Pool) and the Orange County Educational Investment Pool (the Educational Pool), the latter of which is utilized exclusively by the County's public school and community college districts. These pools are maintained for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Cash and Investments (Cont'd)

The County has stated required investments at fair value in the accompanying financial statements. Management contracts with an outside service to provide pricing for the fair value of investments in the portfolio. Securities listed or traded on a national securities exchange are valued at the last quoted sales price. Short-term money market instruments are valued using an average of closing prices and rate data commonly known as matrix pricing.

Other than proceeds held by the County, proceeds from County issued bonds are held by trustees and are invested in medium-term notes, mutual funds, investment agreements, repurchase agreements, and U.S. Government securities. Short-term investments are reported at cost, while long-term investments, such as U.S. Government securities, are stated at fair value. The trustee uses an independent service to value those securities, which are stated at fair value.

The County has not provided or obtained any legally binding guarantees during the period to support the value of participants' shares in the pools.

The pools value participants' shares using an amortized cost basis. Specifically, the pools distribute income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and reduced by (4) investment and administrative expenses. This method differs from the fair value method used to value investments in this statement because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values. At June 30, 2001, there is no material difference between pool participants' shares valued on an amortized cost basis compared to fair value.

G. Inventory of Materials and Supplies

Inventories consist of expendable materials and supplies held for consumption. Inventories are valued at cost determined on a moving weighted average basis. Applicable fund balances are reserved for amounts equal to the inventories on hand at the end of the fiscal year, as these amounts are not available for appropriation and expenditure. The costs of inventory items are recorded as expenditures/expenses when issued to user departments/agencies.

H. Land and Improvements Held for Resale

These assets, held by the County's Development Agency, are valued at the lower of cost or estimated net realizable value.

I. General Fixed Assets

The General Fixed Assets Account Group records, at cost, the fixed assets that are not accounted for in an enterprise, internal service or similar trust funds. Such assets include land, buildings, building improvements, furniture, fixtures and equipment. Gifts and contributions of fixed assets are recorded at fair market value when received. No depreciation is provided on general fixed assets. Expenditures for streets, roads, bridges, curbs, gutters, sidewalks, flood channels, lighting systems, and similar assets are not capitalized, because they are immovable and of value only to the County.

J. Property, Plant and Equipment of Enterprise and Internal Service Funds

Fixed assets purchased by the enterprise and internal service funds are capitalized at cost, while contributed assets are recorded at their fair market value when received. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets. Depreciation of assets contributed prior to fiscal year 2000-01 is netted against contributed capital. Estimated useful lives of property, plant and equipment are as follows:

Structures and Improvements	10 to 50 years
Equipment	2 to 20 years

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Self-Insurance

The County is self-insured for general and automobile liability and workers' compensation claims, and for claims arising under the group health indemnified plans, group salary continuance plan, group dental plan, and unemployment benefits program. Liabilities are accrued based upon estimated future amounts to be paid on known claims and incurred but not reported claims, including allocated loss adjustment expenses. (See Note 18).

L. Property Taxes

The provisions of the California Constitution and Revenue and Taxation Code govern assessment, collection, and apportionment of real and personal property taxes. Real and personal property taxes are determined by applying approved property tax rates to the assessed value of properties as established by the County Assessor, in the case of locally assessed property, and as established by the State Board of Equalization, in the case of State-assessed public utility unitary and operating non-unitary property. Property taxes are levied annually, with the exception of the supplemental property taxes, which are levied when supplemental assessment events, such as sales of property or new construction, take place.

The County collects property taxes on behalf of all property tax-receiving agencies in Orange County. Property tax-receiving agencies include the school districts, cities, community redevelopment agencies, independently governed special districts (not governed by the County Board of Supervisors), special districts governed by the County Board of Supervisors, and the County General Fund.

Property taxes receivables are recorded as of the date levied in property tax unapportioned funds, which are classified as agency funds. When collected, the property taxes are deposited into the County Treasury into the property tax unapportioned funds, where they are held in the unapportioned taxes liability accounts pending periodic apportionment to the taxing agencies. The property tax unapportioned funds are included in the agency funds category of the County's general purpose financial statements because the unapportioned taxes are collected and held on behalf of other governmental agencies.

Property tax collections are apportioned to the tax-receiving agencies periodically from the tax unapportioned funds based on various factors including statutory requirements; materiality of collections received; tax delinquency dates; the type of property tax roll unapportioned fund (secured, unsecured, supplemental, delinquent secured, delinquent unsecured, delinquent supplemental, homeowners' property tax subvention, or public utility); and cash flow needs of the tax-receiving agencies.

Property tax revenues are recognized in the fiscal year, for which they are levied, provided they are due and collected within the fiscal year and are distributed within 60 days after the fiscal year-end. Property tax revenues are also recognized for unsecured and supplemental property taxes that are due at year-end, and are collected within 60 days after the fiscal year-end, but will not be apportioned until the next fiscal year due to the timing of the tax apportionment schedule.

Unsecured and supplemental property tax levies that are due within the fiscal year but are unpaid at fiscal year-end are recorded as deferred revenue. The County uses the direct write-off method to recognize uncollectible taxes receivable.

The County also records collections of disputed property taxes, such as those paid for properties for which the values have been appealed to the local Assessment Appeals Boards, within the unapportioned tax liability accounts in the property tax unapportioned funds. Upon final disposition of the appeals and disputes, the amounts are either refunded to taxpayers or distributed to the tax-receiving agencies. As of June 30, 2001, tax refunds and assessed value tax roll corrections resulting from property tax appeals and other disputes represented approximately 0.6253 percent of the combined beginning secured and unsecured property tax roll charge.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

L. Property Taxes (Cont'd)

The following are significant dates on the property tax calendar:

	California Revenue & Taxation Code Section
Supplemental assessments are effective on the 1st day of the month following the new construction or ownership change.	75.41
Property tax lien date is January 1.	2192
Unsecured taxes on the roll as of July 31 are delinquent August 31.	2922
Assessor delivers roll to Auditor-Controller July 1.	616, 617
Tax roll is delivered to the Tax Collector on or before the levy date (the 4th Monday in September).	2601
Secured tax payment due dates are: 1st Installment - November 1, and 2nd Installment - February 1.	2605 2606
Secured tax delinquent dates (last day to pay without a penalty) are: 1st Installment - December 10, and 2nd Installment - April 10.	2617 2618
Declaration of default for unpaid taxes occurs July 1.	3436
Power to sell is effective five years after tax default.	3691

M. Compensated Employee Absences

Compensated absences (vacation, compensatory time off, annual leave and sick leave) are accrued as an expense and liability in the proprietary fund when incurred. In the governmental fund types, only those amounts that are expected to be liquidated with expendable available financial resources are accrued as current year expenditures. Compensated absences that exceed this amount are reported in the GLTDAG and are not recorded as expenditures.

The estimated liability recorded at June 30, 2001, in the GLTDAG is \$84,568 compared with \$74,342 at June 30, 2000. The increased balance is attributable to several factors. FY 2000-2001 was the first year County employees were entitled to receive compensation resulting from the Performance Incentive Program, which was implemented throughout the County in FY 1999-2000. Most of this amount will ultimately be paid from the general fund. The number of County General employees rose by four percent. Additionally, County staff received cost of living and/or pay adjustments conservatively estimated at five percent.

N. Total Columns on General Purpose Financial Statements

The "Total" columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. They do not represent and are not comparable to consolidated financial information. Data in these columns do not purport to present financial position, results of operations, or cash flows of the County reporting entity in conformity with GAAP.

O. Statement of Cash Flows

Statements of Cash Flows are presented for proprietary fund types and the nonexpendable trust fund. Cash and equivalents include all unrestricted and restricted highly liquid investments with original purchase maturities of three months or less. Pooled cash and investments in the County's Treasury represent monies in a cash management pool and such accounts are similar in nature to demand deposits.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Effect of New Pronouncements

The following summarizes recent GASB pronouncements and their impact, if any, on the financial statements:

In December 1998, GASB issued Statement No. 33, "*Accounting and Financial Reporting for Nonexchange Transactions*," effective for periods beginning after June 15, 2000. The Statement establishes financial reporting standards to guide state and local governments' decisions about when (in which fiscal year) to report the results of nonexchange transactions (including taxes on retail sales of goods and services, property taxes, grants, and donations by non-governmental entities) involving cash and other financial and capital resources. Prior to the provisions of GASB Statement No. 33, expenditures and revenues for Federal and State programs were budgeted and accrued on a matching basis (as long as the revenues were received within the next fiscal year) in the County's budgetary and financial reports. The County has established new guidelines for accruing expenditures and revenues related to nonexchange transactions to meet the availability criteria for revenue recognition under GASB Statement No. 33. For revenues from nonexchange transactions to be considered available for accrual, the reimbursement of the accrued revenues must be received within 60 days following the end of the fiscal year. As a result of the revised revenue accrual procedures, the County adjusted the governmental funds' FY 2000-01 Beginning Fund Balance for the revenues accrued at the end of June 30, 2000 that were unavailable to pay liabilities of that period (See Note 13). It is anticipated, however, that after this first year of implementation, there should be no future impacts to the financial statements resulting from this pronouncement, provided there are no material changes in federal and state-funded program revenues.

GASB Statement No. 33 also includes a significant change in the recognition of capital contributions made to proprietary funds. This provision requires that capital contributions be recognized as revenues in the period that those amounts are received; whereas those resources were previously reported as additions to contributed capital in the proprietary funds' financial statements. Beginning in Fiscal Year 2000-01, the County has adopted this provision for recognizing capital contributions as revenue. GASB Statement No. 33 does not require the restatement of prior year contributed capital amounts.

In June 1999, GASB issued Statement No. 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*," effective for periods beginning after June 15, 2001. This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and will restructure much of the information that governments have presented in the past. GASB Statement No. 34 represents the most important single change in the history of accounting and financial reporting for state and local governments. One of the most significant changes is that all capital assets, including infrastructure, will be reported within the basic financial statements, along with depreciation expense and accumulated depreciation. Currently, infrastructure related to governmental funds is not reported in the financial statements.

The County established a GASB 34 Steering Committee consisting of the Auditor-Controller, Chief Financial Officer, and the Public Facilities and Resources Department Director to address the myriad of complex financial reporting issues. The Steering Committee has designated six workgroups to develop detailed implementation plans as well as conduct the various complex analyses required to implement the new pronouncement. The Steering Committee has decided to use the traditional approach of reporting depreciation of infrastructure assets rather than the modified approach based on the recommendation of the Capital Assets Workgroup.

In July 2001, the County submitted a Pro Forma Comprehensive Annual Financial Report (CAFR) to the Government Finance Officers Association (GFOA). This Pro Forma CAFR is a collaborative attempt by the County at incorporating the new requirements of GASB Statement No. 34 using FY 1999-00 CAFR audited numbers. The purpose of submitting the Pro Forma CAFR to GFOA is to obtain feedback on the Pro Forma CAFR in order to assist the County in identifying areas that need to be changed, deleted, or enhanced. The County will implement GASB 34 for its next CAFR for the year ended June 30, 2002.

In April 2000, GASB issued Statement No. 36, "*Recipient Reporting for Certain Shared Nonexchange Revenues—an Amendment of GASB Statement No. 33*", which is effective for the same periods as GASB Statement No. 33. This statement eliminates the timing difference in the recognition of shared portions of derived tax or imposed nonexchange revenues between a provider and recipient government that was previously in GASB Statement No. 33. Recipient governments are now required to account for the sharing of revenues in the same manner as provider governments. There was no material effect on the financial statements as a result of implementing this new pronouncement.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Effect of New Pronouncements (Cont'd)

In June 2001, GASB issued Statement No. 37, "*Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an Amendment of GASB Statements No. 21 and No. 34.*" This statement is effective for the same periods as GASB Statement No. 34 and either clarifies or modifies certain provisions in GASB Statements No. 21 "*Accounting for Escheat Property*" and No. 34. It establishes guidance in the following areas: reporting of escheat property, topics for discussion in the Management's Discussion and Analysis (MD&A), program revenue classifications, the minimum level of detail required for business-type activities in the statement of activities, etc. The County is completing the analysis required for the implementation of this new statement in FY 2001-02.

Also in June 2001, GASB issued Statement No. 38, "*Certain Financial Statement Note Disclosures*", which is effective for the same periods as GASB Statement No. 34. This statement modifies, establishes, and rescinds certain financial statement disclosure requirements. Modifications to the note disclosures primarily focus on: a) revenue recognition policies; b) actions taken in response to significant violations of legal or contractual provisions; c) debt service requirements; d) lease obligations; e) short-term debt; and f) interfund balances. These new disclosure requirements address the needs of users of financial statements identified by GASB. The analysis required for the implementation of this new statement is being completed along with the analysis and implementation of GASB Statement No. 34 for the County's next CAFR for the year ended June 30, 2002.

Q. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Where significant estimates have been made in preparing these financial statements, they are described in the applicable footnotes.

3. DEPOSITS AND INVESTMENTS

Deposits and investments (including repurchase agreements) totaled \$4,254,352 as of June 30, 2001. Each fund's portion of this total is reflected in the balance sheet accounts entitled "Pooled Cash/Investments, Pooled Cash/Investments – Closure Costs, Cash Equivalents/Specific Investments, Imprest Cash Funds, Restricted Cash and Investments with Trustee, and Investments."

The Treasurer maintains the County Pool and the Educational Pool for the County and other non-County entities for the purpose of benefiting from economies of scale through pooled investment activities. The Investment Policy Statement (IPS) establishes a Money Market Fund and an Extended Fund as components of the County Pool and Educational Pool (effective December 3, 2001, the Educational Pool will not participate in the Extended Fund). The maximum maturity of investments under the Money Market Fund is 13 months with a maximum weighted average of 90 days. The maximum maturity of the Extended Fund is 3 years, with a maximum weighted average of 18 months.

The primary investment objectives of the Treasurer's investment activities in order of priority are: protecting the safety of principal invested, meeting participants' liquidity needs, attaining a money market rate of return, and attempting to stabilize at a \$1 net asset value for the County Money Market Fund and the Educational Pool. These external investment pools contain deposits, repurchase agreements, and investments. Interest is allocated to individual funds monthly based on the average daily balances on deposit with the Treasurer. Interest assigned to another fund due to management decision is recognized in the fund that reports the investments and reported as an operating transfer to the recipient fund.

A. Deposits

Monies must be deposited in state or national banks, or state or federal savings and loan associations located within the State. The County is authorized to use demand accounts and certificates of deposit. Additionally, monies deposited at national banks are used for compensating balances. The Treasurer has established separate bank and investment custody accounts for the County's school participants.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

3. DEPOSITS AND INVESTMENTS (Cont'd)

A. Deposits (Cont'd)

Obligations pledged to secure deposits must be delivered to an institution other than the institution in which the deposit is made; however, the trust department of the same institution may hold them. Written custodial agreements are required that provides, among other things, that the collateral securities are held separate from the assets of the custodial institution. The pledge to secure deposits is administered by the California Superintendent of Banks. Collateral is required for demand deposits at 110 percent of all deposits not covered by federal deposit insurance if obligations of the United States and its agencies, or obligations of the State or its municipalities, school districts, and district corporations are pledged. Collateral of 150 percent is required if a deposit is secured by first mortgages or first trust deeds upon improved residential real property located in California. All such collateral is considered to be held by the pledging financial institutions' trust departments or agents in the name of the County.

At June 30, 2001, the carrying amount of overdraft of the County's demand deposits was \$87,835 and the related bank balance was \$36,138, of which \$300 was insured by FDIC insurance with the remainder collateralized as described above. The County had \$172,303 in maturing securities the following business day to cover outstanding checks. In addition, the County had imprest cash funds in the amount of \$2,022 of which \$1,171 was insured by FDIC insurance with the remainder collateralized as described above.

In addition, the County held a portion of its Restricted Cash and Investments with Trustee and non-pooled investments in the form of non-participating Bank Investment Contracts (BICs). These BICs are considered deposits with financial institutions and amount to \$25,522, of which \$16,441 is collateralized for non-pooled investment BICs and \$9,081 is uncollateralized for Restricted Cash and Investment BICs. The collateralized BICs and the uncollateralized BICs are FDIC insured by \$100 and \$200, respectively.

B. Investments

State statutes, Board of Supervisors' ordinances and resolutions, bond documents, covenants, trust agreements, and other contractual agreements govern the County's investment policies.

External Investment Pools

The County Treasurer sponsors two external investment pools; the County Pool (consisting of both the Money Market Fund and the Extended Fund) and the Educational Pool.

The County Treasurer has a written Investment Policy Statement (IPS) specifically for the separately managed County and Educational Investment Pools. The IPS requires the assets in the Pools to consist of the following investments and maximum permissible concentrations based on market value: U.S. Treasury instruments backed by the full faith and credit of the United States government (100%); obligations issued or guaranteed by agencies of the United States government (100%); commercial paper of a high rating (A1/P1/F1) as provided by at least two of the following nationally recognized rating agencies: Standard & Poor's Corporation, Moody's Investors Service, Inc., or Fitch IBCA, Duff & Phelps ("Fitch"), with further restrictions regarding issuer size and maturity (40%); negotiable certificates of deposit issued by a nationally or state-chartered bank or state or federal association or by a state-licensed branch of a foreign bank with at least one billion dollars in assets (30%); bankers' acceptances (40%); money market funds (20%); State of California or municipal debt (10%); "AA" or better receivable-backed securities (10%); medium-term notes (30%); and repurchase agreements collateralized by securities at 102% of the cost adjusted no less frequently than weekly (50%). In addition, no investment may be purchased from an issuer that has been placed on credit watch – negative by any of the three nationally recognized rating agencies, or whose credit rating by any of the three nationally recognized rating agencies is less than the minimum rating required by the IPS for that class of security.

Repurchase agreements are limited to a three-month maturity and can only be entered into with entities prescribed in California Government Code Sections 53601 and 53635. The securities underlying the agreements must be delivered to the County's custodial banks. The County enters into written master repurchase agreements that outline obligations of both the County and the dealers, and also enters into written contracts with custodial institutions that outline the basic responsibilities of those institutions for securities underlying the repurchase agreements. These custodial contracts and the County's procedures for monitoring the securities are similar to those for collateral on deposits.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. Investments (Cont'd)

External Investment Pools (Cont'd)

All permitted investments are required to comply in every respect with California Government Code Sections 53601 and 53635 (governing the investment of public funds) and other relevant California Government Code provisions.

The IPS expressly prohibits leverage, reverse repurchase agreements, and volatile structured notes or derivatives. Investments are marked to market on a daily basis for purposes of determining net asset value of the Fund. If the net asset value of the Money Market Fund for either the County or Educational Pool is less than \$.995 or greater than \$1.005, portfolio holdings may be sold as necessary to maintain the ratio between \$.995 and \$1.005. Under the IPS, no more than 5% of the total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, U.S. government agencies or government-sponsored enterprises. No more than 10% may be invested in one Money Market Mutual Fund. All investments will be United States dollar denominated.

The County Treasury Oversight Committee, established in December 1995, which consists of the County Executive Officer, the elected County Auditor-Controller, the elected County Superintendent of Schools, and two public members, conducts treasury oversight. In addition, Fitch conducts a quarterly review of IPS compliance according to agreed upon procedures. On October 5, 2001, Fitch reaffirmed the Pools' rating of "AAA/V1+." Edison International's subsidiary, Southern California Edison (SCE), defaulted on its currently due note holders on January 16, 2001. Accordingly, Fitch downgraded the short-term rating of Edison International (EIX) to "D." On the same day, Fitch also downgraded the Educational Pool's rating from "AAA/V1+" to "AA/V1+" due to two Edison International holdings, aggregating \$40 million. The Educational Pool's investments in EIX were never in default, and all interest and principal payments were made on a timely basis. Fitch reinstated the Educational Pool's rating to "AAA/V1+" on July 18, 2001, coinciding with the maturity of the Edison holdings. The Pools are not registered with the Securities and Exchange Commission.

Unless otherwise required in a trust agreement or other financing document, assessment districts and public school districts are required by legal provisions to deposit their funds with the County Treasurer. The Educational Pool consists entirely of public school and community college districts and therefore includes 100 percent involuntary participants. At June 30, 2001, the County Pool includes approximately 0.49 percent external involuntary participant deposits for certain assessment districts and certain bond related funds for public school districts.

As of June 30, 2001, floating rate notes comprised less than 6% of both the County and Educational Pools. Interest received on floating rate notes will rise or fall as the underlying index rate rises or falls. The use of floating rate notes in the County and Educational Pools is such that they hedge the portfolios against the risk of increasing interest rates, which reduces the fair value of the portfolio.

Condensed Financial Statements

In lieu of separately issued financial statements for the external pools, condensed financial statements for both pools are presented below as of and for the year ended June 30, 2001:

	<u>County Pool</u>	<u>Educational Pool</u>	<u>Total</u>
<u>Statement of Net Assets</u>			
Net assets held for pool participants	\$ 2,184,907	\$ 1,385,917	\$ 3,570,824
Equity of internal pool participants	\$ 2,016,356	\$ --	\$ 2,016,356
Equity of external pool participants	168,551	1,385,917	1,554,468
Total Equity	<u>\$ 2,184,907</u>	<u>\$ 1,385,917</u>	<u>\$ 3,570,824</u>
<u>Statement of Changes in Net Assets</u>			
Net assets at July 1, 2000	\$ 1,897,322	\$ 1,200,681	\$ 3,098,003
Net change in investments by pool participants	287,585	185,236	472,821
Net Assets at June 30, 2001	<u>\$ 2,184,907</u>	<u>\$ 1,385,917</u>	<u>\$ 3,570,824</u>

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. Investments (Cont'd)

Summary External Pool Financial Disclosures

Selected summary disclosures for each external pool as of June 30, 2001, are presented below:

	Fair Value	Principal	Interest Rate Range (%)	Maturity Range	Weighted Average Days to Maturity
<u>County Pool</u>					
U.S. Government Agencies	\$ 650,834	\$ 650,905	Discount	07/06/01-03/26/04	397
Commercial Paper	582,496	586,541	Discount	07/02/01-10/22/01	21
Bankers' Acceptances	111,462	113,215	Discount	07/11/01-11/28/01	72
Medium-Term Notes	332,300	330,282	4.08-9.25%	08/15/01-05/19/03	153
Negotiable Certificates of Deposit	530,479	527,500	3.64-6.89%	07/05/01-05/20/02	108
Repurchase Agreements	40,000	40,000	4.15%	07/02/01	2
Money Market Mutual Funds	9,194	9,194	Variable	07/01/01	1
	<u>\$ 2,256,765</u>	<u>\$ 2,257,637</u>			<u>172</u>
<u>Educational Pool</u>					
U.S. Government Agencies	\$ 284,724	\$ 290,801	Discount	07/02/01-04/19/02	146
Commercial Paper	468,702	472,059	Discount	07/02/01-10/10/01	23
Bankers' Acceptances	66,827	67,683	Discount	07/02/01-11/28/01	37
Medium-Term Notes	267,537	265,573	3.99-9.75%	07/18/01-03/01/02	114
Negotiable Certificates of Deposit	254,350	254,000	3.73-6.95%	07/10/01-05/20/02	95
Repurchase Agreements	40,000	40,000	4.15%	07/02/01	2
Money Market Mutual Funds	5,795	5,795	Variable	07/01/01	1
	<u>\$ 1,387,935</u>	<u>\$ 1,395,911</u>			<u>79</u>

At June 30, 2001, the weighted average maturity of the County Pool was 172 days and the Educational Pool was 79 days. At the same date, the Net Asset Value (NAV) for both the County and Educational Pool was \$1.00. The average daily investment balance of the County Pool and the Educational Pool amounted to \$2.22 billion and \$1.20 billion with an average effective yield of 6.25% and 6.07%, respectively, for the year ended June 30, 2001.

Level of Custodial Risk

Investments are categorized below as prescribed by GASB Statement No. 3 to indicate the level of custodial credit risk assumed by the County at year-end. Category 1 includes investments that are insured or registered, or securities held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

LEVEL OF CUSTODIAL CREDIT RISK					
	Category			Not Subject to Categorization	Fair Value
	1	2	3		
<u>County Pool:</u>					
U.S. Government Agencies	\$ 650,834	\$ --	\$ --	\$ --	\$ 650,834
Commercial Paper	582,496	--	--	--	582,496
Bankers' Acceptances	111,462	--	--	--	111,462

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. Investments (Cont'd)

	LEVEL OF CUSTODIAL CREDIT RISK				
	Category			Not Subject to Categorization	Fair Value
	1	2	3		
<u>County Pool (Cont'd):</u>					
Medium-Term Notes	\$ 332,300	\$ --	\$ --	\$ --	\$ 332,300
Negotiable Certificates of Deposits	530,479	--	--	--	530,479
Repurchase Agreements	40,000	--	--	--	40,000
Money Market Mutual Funds	--	--	--	9,194	9,194
Total Investments in County Pool	2,247,571	--	--	9,194	2,256,765
<u>Educational Pool:</u>					
U.S. Government Agencies	284,724				284,724
Commercial Paper	468,702	--	--	--	468,702
Bankers' Acceptances	66,827	--	--	--	66,827
Medium-Term Notes	267,537	--	--	--	267,537
Negotiable Certificates of Deposits	254,350	--	--	--	254,350
Repurchase Agreements	40,000	--	--	--	40,000
Money Market Mutual Funds	--	--	--	5,795	5,795
Total Investment in Educational Pool	1,382,140	--	--	5,795	1,387,935
<u>Specific Investments:</u>					
U.S. Government Agencies	15,403	--	--	--	15,403
Commercial Paper	13,895	--	--	--	13,895
Medium-Term Notes	3,112	--	--	--	3,112
Repurchase Agreements	1,081	--	--	--	1,081
Collateralized Investment Agreement	--	--	--	22,671	22,671
Money Market Mutual Funds	--	--	--	56,331	56,331
Total Specific Investments	33,491	--	--	79,002	112,493
<u>Investments with Trustees:</u>					
U.S. Government Agencies	--	--	--	--	--
Commercial Paper	--	--	--	--	--
Medium-Term Notes	167,170	--	--	--	167,170
Repurchase Agreements	--	35,066	--	--	35,066
U.S. Government Securities	--	16,189	--	--	16,189
Mutual Funds	--	--	--	49,435	49,435
Guaranteed Investment Contracts	--	--	--	277,877	277,877
State Investment Pool (LAIF)	--	--	--	11,713	11,713
Total Investments with Trustees	167,170	51,255	--	339,025	557,450
Total Investments	\$ 3,830,372	\$ 51,255	\$ --	\$ 433,016	\$ 4,314,643

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

3. DEPOSITS AND INVESTMENTS (Cont'd)

B. Investments (Cont'd)

As of June 30, 2001, the County's investment in LAIF is \$11,713. The total amount invested statewide by all public agencies in LAIF at that date is \$54,496,268. Of that amount, 95.49% is invested in non-derivative financial products and 4.51% in structured notes and asset backed securities. The Local Investment Advisory Board ("The Board") has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The value of the pool shares in LAIF which may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the County's position in the pool.

RECONCILIATION OF DEPOSITS AND INVESTMENTS

	Total
<u>Total Cash and Investments - Note 3:</u>	
Total Investments	\$ 4,314,643
Total Deposits - Carrying Amount Overdraft	(87,835)
Bank Investment Contracts	25,522
Imprest Cash Funds	2,022
Total Cash and Investments - Note 3	\$ 4,254,352
 <u>Total Cash and Investments - Combined Balance Sheet * :</u>	
Pooled Cash/Investments	\$ 3,558,884
Pooled Cash/Investments - Closure Costs	41,996
Cash Equivalents/Specific Investments:	
Cash Equivalents	\$ 26,435
Other Specific Investments	46,251
Imprest Cash Funds	2,022
Restricted Cash and Investments with Trustee	578,764
Total Cash and Investments - Combined Balance Sheet *	\$ 4,254,352

* Amounts in the Combined Balance Sheet differ from amounts in the "Level of Custodial Credit Risk" schedule because that schedule is not required to report on deposits, overdraft or imprest cash which are reported in the Combined Balance Sheet.

4. CHANGES IN GENERAL FIXED ASSETS

The Schedule of Changes in General Fixed Assets includes general fixed assets of the County other than those accounted for in proprietary funds or similar trust funds. Additions and retirements in the County's general fixed assets during the fiscal year were as follows:

	Balance July 1, 2000	Additions	Retirements	Balance June 30, 2001
Land	\$ 263,500	\$ 5,895	\$ 25	\$ 269,370
Structures and Improvements	604,970	37,242	--	642,212
Equipment	205,114	25,791	15,842	215,063
Construction in Progress	211,943	37,748	14,582	235,109
Total	\$ 1,285,527	\$ 106,676	\$ 30,449	\$ 1,361,754

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

4. CHANGES IN GENERAL FIXED ASSETS (Cont'd)

Construction in progress is composed of the following:

<u>Project Title</u>	<u>Project Authorization</u>	<u>Expenditures to Date</u>	<u>Committed</u>	<u>Remaining Authorization</u>
800 MHZ CCCS Remote Sites	\$ 8,000	\$ 5,247	\$ --	\$ 2,753
ADA Compliance – Various Facilities	9,491	1,197	564	7,730
Bolsa Chica Linear Park (Weider Park Development)	6,169	514	--	5,655
Animal Shelter	6,489	99	113	6,277
Central Courthouse Remodel	5,056	1,199	--	3,857
Central Courthouse Seismic Retrofit	5,465	1,682	--	3,783
Central Justice Center – Phase II HVAC/ADA	13,795	1,023	6,044	6,728
CFD 87 Library Construction	5,962	--	--	5,962
CFD 87-4A School Facilities	9,656	6,154	--	3,502
CFD 88-1 Library Construction	6,835	6,000	--	835
CFD 99-1A Public Facilities	7,071	597	--	6,474
Civic Center Development Report & Design	12,092	9,541	--	2,551
Foothill SE Substation	14,420	270	83	14,067
HCA Remodel 1719/1725 W. 17th Street	12,068	7,556	--	4,512
Joplin – Wastewater System	5,451	--	--	5,451
Muni/South – 5 Court Additional Design	6,213	1,415	--	4,798
New Communications Center	17,084	1,304	--	15,780
New Criminal Court Facility	5,224	3,951	--	1,273
New South Court Facility	5,068	103	--	4,965
Newport Harbor HQ Building	8,220	4,049	46	4,125
Probation – Juvenile Hall 30 Bed Expansion/Security Fence	13,378	--	--	13,378
Rancho Potrero – Juvenile Hall 90 Bed	10,702	484	1,332	8,886
Rossmoor Pump Station, Phase I	19,823	2,008	7,463	10,352
Storm Drain Facilities	7,285	4,108	--	3,177
Theo Lacy Building A Phase 2	35,563	30,376	872	4,315
Theo Lacy Jail Expansion	219,816	86,995	--	132,821
Theo Lacy Laundry Facility	17,212	--	--	17,212
Upper Newport Bay Coastal Development Plan	23,911	6,661	128	17,122
All Other Projects *	276,188	52,576	13,206	210,406
Total	<u>\$ 793,707</u>	<u>\$ 235,109</u>	<u>\$ 29,851</u>	<u>\$ 528,747</u>

* "All Other Projects" represents projects with individual appropriations of less than \$5 million.

5. COUNTY PROPERTY ON LEASE TO OTHERS

The County has noncancelable operating leases for certain buildings, which are not material to the County's general operations. The Airport Enterprise Fund derives a substantial portion of its revenues from noncancelable operating leases with air carriers and concessionaires, and the Waste Management Enterprise Fund derives revenue from noncancelable operating leases with synthetic fuels corporations. The Enterprise Funds' property under operating leases, consisting primarily of structures and improvements, at June 30, 2001, approximates \$69,264.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

5. COUNTY PROPERTY ON LEASE TO OTHERS (Cont'd)

The County's General Fund, Special Revenue Funds and Enterprise Funds lease real property to others under operating lease agreements for recreational boating, retail, restaurant, and other commercial operations. Future minimum rentals to be received under these noncancelable operating leases as of June 30, 2001 are as follows:

	General Fund	Special Revenue Funds	Enterprise Funds
FY 2001-2002	\$ 100	\$ 4,824	\$ 25,854
FY 2002-2003	101	4,631	25,832
FY 2003-2004	100	4,641	25,828
FY 2004-2005	63	4,638	25,635
FY 2005-2006	45	4,208	12,611
Subsequent Years	66	105,962	8,808
Total future minimum rentals	<u>\$ 475</u>	<u>\$ 128,904</u>	<u>\$ 124,568</u>

Total contingent rentals, which arise primarily from a percentage of lessee's gross revenues, amounted to approximately \$7 (General Fund), \$6,979 (Special Revenue Funds), and \$14,881 (Enterprise Funds) for the year ended June 30, 2001.

6. LONG TERM OBLIGATIONS

General Obligation Bonds Payable

The amount of bonded indebtedness the County can incur is limited by law to 1.25 percent of the last equalized assessment property tax roll. At June 30, 2001, the County had no net general obligation bonded debt. The County's legal debt limit for the year was \$2,856,854.

Revenue Bonds Payable, Certificates of Participation, and Master Lease Agreements

In 1971, the Orange County Civic Center Authority issued \$4,600 State Building Revenue Bonds. The State Building Revenue Bonds are secured by "Revenues" defined as (a) all rental and other income received by the Authority as lessor under the Santa Ana Civic Center State Building Lease, (b) all rental and other income derived by the Authority from the use and operation of the project, (c) damage awards, if any, under a construction contract and (d) interest or other income derived from funds other than the Construction Fund. In accordance with the State Building Lease, monthly rental payments are made by the State of California. The State Building Bonds are not obligations of the County. As of June 30, 2001, the outstanding principal amount of State Building Revenue Bonds was \$330.

The County issued Master Lease Equipment Obligations on January 3, 1991 and February 1, 1993. These obligations are secured by base rental payments on the acquired equipment. The total outstanding equipment obligations as of June 30, 2001, was \$4,875 for the February 1, 1993 issue. The January 3, 1991 issue was paid off in September 2000.

In June 1992, the Orange County Financing Authority issued its \$28,082 1992 Tax Allocation Revenue Bonds, Series A (Neighborhood Development and Preservation Project) ("NDAPP Bonds"). The proceeds of the NDAPP Bonds were loaned to the Orange County Development Agency ("OCDA") for use in connection with OCDA's Neighborhood Development and Preservation Project ("NDAPP Project"). Debt service on the NDAPP Bonds is secured by a pledge of the property tax increments which OCDA receives from property within the NDAPP Project. As of June 30, 2001, the outstanding principal amount of the current interest NDAPP Bonds was \$26,140 and the accreted value of the capital appreciation NDAPP Bonds was \$1,667.

In August 1993, OCDA issued \$57,965 Santa Ana Heights Project Area, 1993 Tax Allocation Revenue Bonds ("SAHP Bonds"). The SAHP Bonds are secured by property tax increment revenues received by OCDA attributable to the Santa Ana Heights Project Area. As of June 30, 2001, the outstanding principal amount of SAHP Bonds was \$51,835.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

On April 12, 1989, Certificates of Participation (COPs) in the principal amount of \$89,150 were delivered to finance the acquisition, construction and installation of a project, which includes a courthouse, intake facility, administration facility and two parking facilities. In 1992, the \$102,735 Refunding Certificates of Participation (Juvenile Justice Center Facility) were delivered. These COPs are secured by lease payments made by the County in accordance with a lease agreement between the County and the Orange County Public Facilities Corporation. As of June 30, 2001, the outstanding principal amount of the COPS was \$83,845.

In September 1994, the County issued its Taxable Pension Obligation Bonds, Series 1994A in the aggregate principal amount of \$209,840 and Series 1994B in the aggregate principal amount of \$110,200 (Series 1994 Pension Bonds). The Series 1994 Pension Bonds were issued to refund the County's obligation under a debenture issued in favor of the Orange County Employees' Retirement System (OCERS) to fund the County's unfunded actuarial accrued liability to OCERS. The Series 1994 Pension Bonds were partially refunded with proceeds of the County's Taxable Refunding Pension Obligation Bonds Series 1996A and Series 1997A (together with the Series 1994 Pension Bonds, the "Pension Obligation Bonds"). As of June 30, 2001, the outstanding principal amount of the Series 1994, 1996A and 1997A Pension Bonds were \$9,000, \$80,232 and \$77,768, respectively.

In June 1995, the County issued \$278,790 of 1995 Recovery Bonds. The 1995 Recovery Bonds are a General Fund obligation of the County and are being paid from motor vehicle license fees intercepted from the State Controller, to the extent there are sufficient fees available for debt service. These motor vehicle license fees, if not used to pay debt service, would otherwise be received by the County General Fund. The 1995 Recovery Bonds were issued to refund obligations of the County in partial satisfaction of claims of certain Investment Pool Participants pursuant to the Comprehensive Settlement Agreement between the County and such participants. In June 1998, the County spent \$31,335 from its Debt Repayment Reserve to purchase defeasance securities which were placed in escrow to legally defease a portion of the 1995 Recovery Bonds. As of June 30, 2001, \$12,265 of this amount had been paid, leaving an outstanding balance of \$19,070. The outstanding principal balance of these bonds as of June 30, 2001 was \$247,455.

On June 30, 1995, the Orange County Special Financing Authority issued \$155,000 in taxable (1995 Series A - \$32,400) and tax-exempt (1995 Series B through E - \$122,600) Teeter Plan Revenue Bonds (Teeter Bonds). The Teeter Bonds are limited obligations of the Authority payable solely from revenues consisting primarily of delinquent tax payments to be made by taxpayers under the County Teeter Plan program, to be received by the Authority, the County and a trustee. The outstanding principal balance of the Teeter Bonds as of June 30, 2001 was \$125,225.

On June 12, 1996, the County issued \$760,800 in the aggregate principal amount of its 1996 Recovery Certificates of Participation, Series A (Series A Certificates). Proceeds of the Series A Certificates were applied to (1) provide funds for the payment of the claims of the holders of the County's 1994-95 Taxable Notes and 1994-95 Tax and Revenue Anticipation Notes (Series A and Series B), whose maturities were extended to June 30, 1996, and the payment of certain other claims and uses approved by the Bankruptcy Court, (2) refund \$124,700 of outstanding COPs executed and delivered on behalf of the County, (3) fund a reserve account for the Series A Certificates and two months of capitalized interest, and (4) pay costs associated with the delivery of the Series A Certificates. The Series A Certificates are general obligations of the County, are also secured by certain statutory liens and are payable from an intercept of motor vehicle license fees and certain sales taxes, to the extent there are sufficient license fees and sales tax funds available for debt service. These motor vehicle license fees and sales taxes, if not used to pay debt service, would otherwise be received by the County General Fund. As of June 30, 2001, the outstanding principal balance of the Series A Certificates was \$680,975.

In July 1997, the County issued \$7,830 of COPs to finance the Superior Court Integrated Court Management System Program. The proceeds were used to refinance certain computer equipment originally purchased by the County pursuant to an Equipment Lease Purchase Agreement, dated April 9, 1996, and to finance the acquisition and installation of certain other computer equipment. Debt service payments are made by the County and reimbursed by the Superior Court. The outstanding principal balance of these COPs as of June 30, 2001 was \$1,444.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

In July 1987, the County issued \$242,440 of Airport Revenue Bonds, Series 1987 to finance the construction of new facilities at John Wayne Airport. In October 1990, the County issued \$6,420 of COPs to finance the acquisition of loading bridges and baggage handling facilities (these certificates were defeased in July 1996). In July 1993, the County issued approximately \$79,755 of revenue bonds to partially refund the 1987 Bonds. In April 1997, the County completed a forward refunding of the majority of outstanding 1987 Bonds. The principal amount of the refunding was \$135,050. On July 1, 1997, the County called and redeemed the remaining 1987 Bonds, not otherwise refunded or redeemed, in the amount of \$28,410. The outstanding principal amount of Airport Revenue Bonds as of June 30, 2001 was \$184,608. The Airport Bonds are secured by a pledge of net revenues of the Airport Enterprise Fund.

In November 1997, the Orange County Public Financing Authority issued \$77,300 Waste Management System Refunding Revenue Bonds, Series 1997, in order to refund the County of Orange, California, 1988 COPs. The outstanding principal balance of these bonds as of June 30, 2001, was \$68,637. The Waste Management System Bonds are secured by a pledge of (1) the net operating revenues; (2) all money, securities and funds in the Waste Management Enterprise Fund that are required to be held or set aside therein for any purpose other than the payment of operating expenses pursuant to the terms of the sublease, but excluding any such money, securities and funds in the (i) closure account or any other fund or account required pursuant to state or federal law to be held in trust, (ii) environmental account in an amount not exceeding \$50,000, (iii) post-closure reserve account, or (iv) that were borrowed or received to pay capital costs and excluding any deposits or net incremental solid waste system revenues or any deposits that are required to be made in the rebate account; and (3) to the extent permitted by and in accordance with the procedures established under any applicable law, any rights of the County under any approvals, licenses and permits relating to the System.

In December 1987, COPs representing the proportionate interests of the owners thereof in lease payments made by the County under the lease agreements typically between the County and the Orange County Public Facilities Corporation were delivered. The proceeds were used to finance the acquisition, construction and installation of two parking structures located in the City of Santa Ana. These certificates were refunded in 1991 with the \$33,579 Refunding COPs (Civic Center Parking Facilities Project). The Refunding COPs are secured by lease payments made by the County through a facilities lease with the Orange County Facilities Corporation. At June 30, 2001, the outstanding principal amount of the Refunding COPS was \$27,050.

On May 11, 2000, a cash tender offer of certain outstanding Pension Obligation Bonds was completed. The County purchased and canceled \$288,290 (maturity value) of Pension Obligation Bonds for a cost of \$179,016. On June 22, 2000, the debt service on the outstanding Pension Obligation Bonds was provided for through the deposit with the trustee of \$175,492 principal amount of "AAA" rated debt securities issued by Fannie Mae along with \$9,151 in debt service funds already being held by the trustee. In accordance with irrevocable instructions, these securities, together with other cash amounts and investments held by the trustee, will be used solely to retire the remaining Pension Obligation Bonds as they mature. Since the securities purchased may have varying timing and collection of principal and interest, this was an economic defeasance and not a legal defeasance. This debt will be reported in the County's financial statements until it is fully redeemed.

In prior years, various bonds, COPs and other obligations have been advance refunded. These obligations are considered defeased and the long-term debt liability has been removed from the related General Long-Term Debt Account Group and Enterprise Funds. As of June 30, 2001, \$119,945 of legally defeased debt remains outstanding.

During fiscal year 2000-01, the following events concerning County debt obligations took place:

Teeter Plan Revenue Bond Remarketing

The \$34,000 Series D bonds underwent a mandatory tender on November 1, 2000, and were remarketed and converted from fixed rate bonds at 6.25% to variable rate bonds. After the conversion, interest rates, determined on a weekly basis, have ranged from 1.00% to 6.70% payable monthly, and currently, \$91,225 is being remarketed weekly.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Lease Revenue Bonds

In April 2001, the Orange County Public Financing Authority issued \$10,330 Lease Revenue Bonds, Series 2001 (Telecommunications Equipment Project), to (1) finance the acquisition and installation of certain telecommunications equipment for the general government purposes, (2) fund a debt service reserve fund, (3) pay capitalized interest on bonds, and (4) pay costs related to the issuance of the bonds. The bonds are limited obligations of the Authority payable solely from base rental payments to be made by the County pursuant to an Equipment Lease, and other amounts held by the Trustee in the funds established under the Indenture. At June 30, 2001, the outstanding principal amount of the Lease Revenue Bonds was \$10,330.

Revenue bonds and certificates outstanding and related activity for the year ended June 30, 2001 were as follows:

Description	Balance July 1, 2000	Issuances, Discount Amortization and Accretions	Retirements	Balance June 30, 2001
<u>General Long-Term Debt Account Group:</u>				
Orange County Civic Center Authority				
<u>1971 State Building Revenue Bonds:</u>				
Date Issued: December 1, 1971				
Interest Rate: 5.00% to 5.40%				
Original Amount: \$4,600				
Maturing in installments through				
December 1, 2001.	\$ 640	\$ --	\$ (310)	\$ 330
Master Lease Schedule No. 2				
<u>1990 Equipment Project</u>				
<u>Purchaser Certificates:</u>				
Date Issued: January 3, 1991				
Interest Rate: 7.00%				
Original Amount: \$16,475				
Maturing in installments through				
September 1, 2000.	1,974	--	(1,974)	-
Orange County Public Facilities				
<u>Refunding Certificates of Participation: (Civic Center Parking Facilities Project)</u>				
Date Issued: August 1, 1991 – Current Interest				
Rate Bonds (CIB) and Capital Appreciation				
Bonds (CAB)				
To refund prior December 22, 1987 bond issue				
Interest Rate: CIB 4.40% to 6.75%				
Interest Rate: CAB - 6.85% to 7.05%				
Original Amount: CIB - \$24,495				
Original Amount: CAB - \$9,084				
Maturing in installments through				
December 1, 2018.	27,807	1,183	(1,940)	27,050

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Description	Balance July 1, 2000	Issuances, Discount Amortization and Accretions	Retirements	Balance June 30, 2001
Orange County Financing Authority				
<u>Tax Allocation Revenue Bonds - Series 1992 A:</u>				
<u>(Neighborhood Development and Preservation Project)</u>				
Date Issued: June 1, 1992 - Current Interest Rate Bonds (CIB) and Capital Appreciation Bonds (CAB)				
To refund prior June 1, 1989 Orange County Development Agency bond issue				
Interest Rate: CIB - 4.50% to 6.50%				
Interest Rate: CAB - 6.50% to 6.55%				
Original Amount: CIB - \$27,150				
Original Amount: CAB - \$932				
Maturing in installments through September 1, 2022.				
	27,888	104	(185)	27,807
Orange County Public Facilities Corporation				
<u>Refunding Certificates of Participation:</u>				
<u>(Juvenile Justice Center Facility)</u>				
Date Issued: June 1, 1992 and delivered July 7, 1992 to refund prior April 1, 1989 bond issue				
Interest Rate: 3.2% to 6.375%				
Original Amount: \$102,735				
Maturing in installments through June 1, 2019.				
	86,385	--	(2,540)	83,845
Orange County Financing Authority				
<u>Tax Allocation Revenue Bonds - Series 1992 B:</u>				
<u>(Neighborhood Development and Preservation Project)</u>				
Date Issued: July 1, 1992				
Interest Rate: 4.20% to 7.40%				
Original Amount: \$3,185				
Maturing in installments through September 1, 2000.				
	495	--	(495)	--
Orange County Public Facilities Corporation				
<u>Revenue Bonds</u>				
<u>Master Lease Program:</u>				
Date Issued: February 1, 1993				
Interest Rate: 3.40% to 5.50%				
Original Amount: \$24,780				
Maturing in installments through September 1, 2003.				
	4,875	--	--	4,875
Orange County Development Agency				
<u>Santa Ana Heights Project Area 1993</u>				
<u>Tax Allocation Revenue Bonds:</u>				
Date Issued: August 1, 1993 to refund prior September 1, 1987 bond issue				
Interest Rate: 3.25% to 6.20%				
Original Amount: \$57,965				
Maturing in installments through September 1, 2023.				
	52,885	--	(1,050)	51,835

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Description	Balance July 1, 2000	Issuances, Discount Amortization and Accretions	Retirements	Balance June 30, 2001
County of Orange				
<u>Taxable Pension</u>				
<u>Obligation Bonds - Series 1994 A:</u>				
Date Issued: September 1, 1994				
Interest Rate: 6.15% to 8.21%				
Original Amount: \$209,840				
Maturing in installments through September 1, 2004.				
	16,500	--	(7,500)	9,000
 County of Orange				
<u>Refunding Recovery Bonds - Series 1995 A:</u>				
Date Issued: June 1, 1995				
Interest Rate: 5.0% to 6.50%				
Original Amount: \$278,790				
Maturing in installments through June 1, 2015.				
	247,455	--	--	247,455
 Orange County Special Financing Authority				
<u>Teeter Plan Revenue Bonds</u>				
<u>Series A through E:</u>				
Date Issued: June 1, 1995				
Interest Rate: 6.35% (Series E)				
Interest Rate: Variable (Series A,B,C and D)				
Original Amount: \$155,000				
Maturing in installments through November 1, 2014.				
	127,625	--	(2,400)	125,225
 Orange County Public Facilities Corporation				
<u>Recovery Certificates of Participation</u>				
<u>Series 1996 A:</u>				
Date Issued: June 1, 1996				
Interest Rate: 4.20% to 6.00%				
Original Amount: \$760,800				
Maturing in installments through July 1, 2026.				
	703,140	--	(22,165)	680,975
 County of Orange				
<u>Taxable Refunding Pension</u>				
<u>Obligation Bonds - Series 1996 A:</u>				
Date Issued: June 1, 1996 - Current Interest Rate Bonds (CIB)				
Date Issued: June 12, 1996 - Capital Appreciation Bonds (CAB)				
To refund prior September 28, 1994 bond issue.				
Interest Rate: CIB - 7.47% to 7.72%				
Interest Rate: CAB - 8.09% to 8.26%				
Original Amount: CIB - \$81,680				
Original Amount: CAB - \$40,000				
Maturing in installments through September 1, 2010 (CIB) and September 1, 2016 (CAB).				
	76,629	3,603	--	80,232

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Description	Balance July 1, 2000	Issuances, Discount Amortization and Accretions	Retirements	Balance June 30, 2001
County of Orange				
<u>Taxable Refunding Pension</u>				
<u>Obligation Bonds – Series 1997 A:</u>				
Date Issued: January 1, 1997 - Current Interest Rate Bonds (CIB)				
Date Issued: January 14, 1997 - Capital Appreciation Bonds (CAB)				
To refund a substantial portion of the September 1, 1994 bond issue.				
Interest Rate: CIB - 5.71% to 7.36%				
Interest Rate: CAB - 7.33% to 7.96%				
Original Amount: CIB - \$71,605				
Original Amount: CAB - \$65,318				
Maturing in installments through September 1, 2010 (CIB) and September 1, 2021 (CAB).				
	73,559	4,209	--	77,768
County of Orange				
<u>Superior Court ICMS</u>				
<u>1997 Certificates of Participation:</u>				
Date Issued: July 30, 1997				
Interest Rate: 4.50% to 5.00%				
Original Amount: \$7,830				
Maturing in installments through August 1, 2001.				
	2,820	--	(1,376)	1,444
Orange County Public Financing Authority				
<u>Telecommunications Equipment Project</u>				
<u>Lease Revenue Bonds Series 2001</u>				
Date Issued: April 1, 2001				
Interest Rate: 4.00%				
Original Amount: \$10,330				
Maturing in installments through December 15, 2008.				
	--	10,330	--	10,330
Subtotal - General Long-Term Debt				
Account Group	\$ 1,450,677	\$ 19,429	\$ (41,935)	\$ 1,428,171
<u>Enterprise Funds:</u>				
<u>Airport Revenue Refunding Bonds - Series 1993:</u>				
Date Issued: July 1, 1993 to refund \$68,440 of the 1987 Airport Revenue bond issue.				
Interest Rate: 3.00% to 5.50%				
Original Amount: \$79,755				
Maturing in installments through July 1, 2018.				
	70,582	114	(2,355)	68,341
Deferred Amount on Refunding (1993 Airport Revenue Bonds)				
	(8,507)	473	--	(8,034)

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Description	Balance July 1, 2000	Issuances, Discount Amortization and Accretions	Retirements	Balance June 30, 2001
<u>Airport Revenue Refunding Bonds - Series 1997:</u>				
Date Issued: April 2, 1997 to refund \$131,490 of the 1987 Airport Revenue bond issue.				
Interest Rate: 5.00% to 6.00%				
Original Amount: \$135,050				
Maturing in installments through July 1, 2012.				
	123,570	(343)	(6,960)	116,267
Deferred Amount on Refunding (1997 Airport Revenue Bonds)	(5,877)	1,257	--	(4,620)
<u>Orange County Public Financing Authority Waste Management System Refunding Revenue Bonds - Series 1997:</u>				
Date Issued: November 18, 1997 to refund \$77,445 of the OCPFC 1988 Certificate of Participation (Solid Waste Management System)				
Interest Rate: 4.375% to 5.75%				
Original Amount: \$77,300				
Maturing in installments through December 1, 2013.				
	72,367	(185)	(3,545)	68,637
Deferred Amount on Refunding (1997 Orange County Public Financing Authority Revenue Bonds)	(5,521)	615	--	(4,906)
Subtotal - Enterprise Funds	\$ 246,614	\$ 1,931	\$ (12,860)	\$ 235,685
Total	\$ 1,697,291	\$ 21,360	\$ (54,795)	\$ 1,663,856

The following is a schedule of all long-term debt service requirements to maturity by fund type and account group on an annual basis (in thousands):

Fiscal Year(s) Ending June 30	Enterprise Funds	General Long- Term Debt Account Group	Total
2002	\$ 26,621	\$ 145,236	\$ 171,857
2003	26,740	131,043	157,783
2004	26,587	126,309	152,896
2005	26,554	125,255	151,809
2006	26,474	134,368	160,842
2007-2027	222,506	1,893,937	2,116,443
Total	355,482	2,556,148	2,911,630
Less: Interest and Unaccreted Principal	(102,747)	(1,169,660)	(1,272,407)
Deferred Amount On Refunding	(17,560)	--	(17,560)
Discount	(1,939)	--	(1,939)
Add: Premium	2,449	--	2,449
Accreted Value of CABs	--	41,683	41,683
Principal Payable	\$ 235,685	\$ 1,428,171	\$ 1,663,856

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

6. LONG TERM OBLIGATIONS (Cont'd)

Special Assessment District Bonds

Special Assessment District Bonds consist of Assessment District Bonds and Community Facilities District Bonds.

Assessment District Bonds are issued pursuant to provisions of the Improvement Bond Act of 1915 (Division 10 of the California Streets and Highways Code). Proportionate shares of principal and interest installments sufficient in aggregate to meet annual bond debt service requirements are included on the regular county tax bills sent to owners of property against which there are unpaid assessments. Neither the faith and credit nor the taxing power of the County, the State, or any political subdivision thereof is pledged to the payment of the bonds. Assessment District Bonds represent limited obligations of the County payable solely from special assessments paid by property holders within each district. Accordingly, such obligations are not included in the accompanying general purpose financial statements.

Community Facilities District Bonds are issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended and are payable from a portion of certain special taxes to be levied on property within the boundaries of the Community Facilities District. Except for the special taxes, no other taxes are pledged to the payment of the bonds. The bonds are not general or special obligations of the County nor general obligations of the District, but are limited obligations of the District payable solely from certain amounts deposited by the District in the special tax fund. Accordingly, such obligations are not included in the accompanying general purpose financial statements.

The County is acting as an agent of the assessment and community facilities districts in collecting the assessments and special taxes, forwarding the collections to other paying agents or directly to bondholders, and initiating any necessary foreclosure proceedings. Because of the County's limited obligation in connection with special assessment district and community facilities district debt, related transactions are recorded as contributions and distributions within the Investment Trust Fund.

Major capital outlay expenditures relating to these bonds are accounted for in the "Special Assessment Districts, Community Facilities Districts and Service Areas" Capital Projects Fund.

Special assessment district and community facilities district bonds outstanding as of June 30, 2001, are \$704,996.

7. ARBITRAGE REBATE PAYABLE

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. In general, arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Failure to follow the arbitrage regulations could result in all interest paid to bondholders retroactively rendered taxable.

In accordance with the arbitrage regulations, if excess earnings were calculated, 90% of the amount calculated would be due to the Internal Revenue Service (IRS) at the end of each five year period. The remaining 10% would be recorded as a liability and paid after all bonds had been redeemed. During the current year, the County performed calculations of excess investment earnings on various bonds and financings. Liabilities were calculated for the four issues listed below. However, the five year reporting period has not occurred and therefore the full amount calculated has been recorded as a liability to the IRS. The rebate amounts are recorded as liabilities in the GLTDAG and the Integrated Waste Management Department Enterprise Fund (IWMD). The County has determined that an arbitrage rebate liability of \$233 at June 30, 2001 is due to the IRS and is comprised of the following.

GLTDAG	
County of Orange Certificates of Participation, 1997	\$ 10
Orange County Public Facilities Corporation, 1992	22
Orange County Public Facilities Corporation, 1991	24
IWMD	
Orange County Public Financing Authority Refunding Revenue Bonds, 1997	<u>177</u>
	<u>\$ 233</u>

During FY 2000-01, the County made no arbitrage rebate payments.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

8. CONDUIT DEBT OBLIGATIONS

From 1980 through 2001 the County issued bonds under the authority of Chapter 7 of Part 5 of Division 3 of the Health and Safety Code of the State of California. The purpose of the bonds is to finance the purchase of single family homes and the construction of multi-family units to benefit low and moderate income families.

The bonds are secured by the property financed and are payable solely from revenue of the projects and payments received on the underlying mortgage loans.

The bonds do not constitute an indebtedness or liability of the County and neither the County, the State of California nor any political subdivisions thereof are obligated in any manner for the repayment of the bonds and in no event shall the bonds be payable out of any funds or properties of the County. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2001 there were 86 series of bonds outstanding, with an aggregate principal amount payable of \$1,273,828.

9. LEASES

Commitments Under Operating Leases

The County is committed under various operating leases primarily for office buildings, office equipment and other equipment. The following is an approximation of future minimum operating lease commitments:

	<u>Equipment</u>	<u>Real Property</u>	<u>Total</u>
FY 2001-2002	\$ 23,917	\$ 24,744	\$ 48,661
FY 2002-2003	20,906	24,037	44,943
FY 2003-2004	15,948	22,902	38,850
FY 2004-2005	7,572	18,303	25,875
FY 2005-2006	1,621	17,491	19,112
Subsequent years	405	62,705	63,110
Total	<u>\$ 70,369</u>	<u>\$ 170,182</u>	<u>\$ 240,551</u>

Total rent expenditures for operating leases incurred for FY 2000-01 were \$38,435.

Capital Leases

The following is an analysis of property leased under capital leases:

	<u>General Fixed Assets Account Group</u>
Equipment	\$ 48
Land, Structures and Improvements	<u>74,721</u>
Total	<u>\$ 74,769</u>

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

9. LEASES (Cont'd)

The following are the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2001:

	General Long-Term Debt Account Group
FY 2001-2002	\$ 7,510
FY 2002-2003	7,609
FY 2003-2004	7,848
FY 2004-2005	8,146
FY 2005-2006	8,429
Subsequent years	70,420
Total minimum lease payments	109,962
Less: amount representing interest	(49,725)
Present value of net minimum lease payments	\$ 60,237

The majority of the capital lease obligations payable in the GLTDAG will be financed by the General Fund. Property acquired under capital leases is collateral for the capital lease obligations.

The following is a summary of changes in capital lease obligations for the General Long-Term Debt Account Group:

	Lease Principal Outstanding July 1, 2000	Obligations Incurred During Year	Lease Principal Paid/Reduced During Year	Lease Principal Outstanding June 30, 2001
Total capital lease obligations	\$ 56,374	\$ 6,544	\$ 2,681	\$ 60,237

10. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables by fund are as follows:

	Other Funds		Primary Government		Component Unit	
	Due From	Due To	Due From	Due To	Due From	Due To
General Fund	\$ 134,117	\$ 36,569	\$ --	\$ --	\$ 12	\$ --
Special Revenue Funds						
Parking Facilities & Civic Center Authority	127	126	--	--	--	--
Roads	9,506	1,416	--	--	--	--
Public Library	461	976	--	--	--	--
Redevelopment Agency	1,492	574	--	--	--	--
Flood Control District	2,944	1,282	--	--	--	--
Harbors, Beaches & Parks District	3,854	1,653	--	--	--	--
Service Areas, Lighting & Maintenance Districts	25	6	--	--	--	--

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

10. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

	Other Funds		Primary Government		Component Unit	
	Due From	Due To	Due From	Due To	Due From	Due To
Special Revenue Funds (Cont'd)						
Other Environmental Management	\$ 2,742	\$ 4,023	\$ --	\$ --	\$ --	\$ --
Other Public Protection	26,131	8,422	--	--	--	--
Community Services	219	539	--	--	--	--
Designated Special Revenue Funds	2,961	1,640	--	--	--	--
Recovery Certificates of Participation	83	1	--	--	--	--
Schedule I County - Administered Accounts and Litigation Proceeds	56	--	--	--	--	--
Plan of Adjustment Available Cash	9,907	--	--	--	--	--
Deferred Compensation Reimbursement	100	1	--	--	--	--
Tobacco Settlement	252	5,201	--	--	--	--
Orange County Housing Authority	153	1	--	--	--	--
	<u>61,013</u>	<u>25,861</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Debt Service Funds						
Redevelopment Agency Bonds	735	1,729	--	--	--	--
Public Facilities Corporation Bonds, Master Lease	1	--	--	--	--	--
Pension Obligation Bonds	15	2	--	--	--	--
	<u>751</u>	<u>1,731</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Capital Projects Funds						
Criminal Justice Facilities	1,093	3	--	--	--	--
Public Library	1,477	384	--	--	--	--
Flood Control District	1,960	560	--	--	--	--
Redevelopment Agency	405	228	--	--	--	--
Special Assessment Districts, Community Facilities Districts, and Service Areas	1,025	556	--	--	--	--
	<u>5,960</u>	<u>1,731</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Enterprise Funds						
Airport	394	2,959	--	--	--	--
Waste Management	4,826	3,626	--	--	--	--
	<u>5,220</u>	<u>6,585</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Internal Service Funds						
Self-Insured Benefits	49	--	--	--	--	--
Unemployment Insurance	87	1	--	--	--	--
County Indemnity Health Plan	439	3	--	--	--	--
Workers' Compensation	156	17	--	--	--	--
Property and Casualty Risk	1,272	6	--	--	--	--
Transportation	3,470	159	--	--	--	--
Publishing Services	23	199	--	--	--	--
Telephone	189	2	--	--	--	--
	<u>5,685</u>	<u>387</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

10. INTERFUND RECEIVABLES AND PAYABLES (Cont'd)

	Other Funds		Primary Government		Component Unit	
	Due From	Due To	Due From	Due To	Due From	Due To
Trust and Agency Funds						
Nonexpendable Trust						
Regional Park Endowment	\$ 3	\$ --	\$ --	\$ --	\$ --	\$ --
Pension Trust						
Defined Benefit Retirement Plan	44	--	--	--	--	--
Investment Trust						
Investment Pool	18,376	4,489	--	--	--	--
Educational Investment Pool	27	--	--	--	--	--
Agency						
Unapportioned Tax and Interest Funds	--	26,244	--	--	--	1,254
Clearing and Revolving Funds	4,943	--	--	--	--	--
Departmental Funds	1,348	133,890	--	--	--	--
	24,741	164,623	--	--	--	1,254
Component Unit						
Orange County Children and Families Commission	--	--	1,254	12	--	--
	--	--	1,254	--	--	--
	--	--				
Total	\$ 237,487	\$ 237,487	\$ 1,254	\$ 12	\$ 12	\$ 1,254

11. DEFICIT EQUITY BALANCES OF INDIVIDUAL FUNDS

The following funds have deficit retained earnings:

<u>Internal Service Funds</u>	<u>Deficit</u>
Workers' Compensation	\$42,468
Transportation	131

The deficit in the Workers' Compensation Fund results from accrual of known losses and actuarially-determined Incurred But Not Reported (IBNR) claims. Charges to County departments have not provided a sufficient cash flow to entirely fund the IBNR. The deficit has increased from the previous fiscal year due to increases in the costs of permanent disabilities and a trend of rising medical costs. The County anticipates increasing charges to departments over the next five years in order to achieve an adequate funding level.

Although the Transportation Internal Service Fund had a deficit in retained earnings, total fund equity is not in a deficit since it includes contributed capital of \$17,831.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

12. BUDGETARY BASIS OF ACCOUNTING

Reconciliation of Actual Operations on a Budgetary Basis to Modified Accrual Basis

The accompanying Combined Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances - Budget and Actual on Budgetary Basis presents comparisons of the legally adopted budget (more fully described in Note 2.D) with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, timing, and entity differences in the corresponding ending fund balances as reported on the general purpose financial statements for the year ended June 30, 2001 is presented below:

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Fund balances, as reported on the Combined Statement of Revenues, Expenditures/Encumbrances and Changes in Fund Balances (budgetary basis)	\$ 223,085	\$ 418,209	\$ 405,655	\$ 427,584
Adjustments:				
Effects of encumbrances on expenditures (timing differences)	91,147	54,340	--	(68,501)
For nonbudgeted funds (entity differences)	--	2,317	131,035	--
For accruals and deferrals (basis differences)	13,345	61,063	(42,954)	3,375
For fund structure (perspective differences)	--	(8,779)	--	5,459
Fund balances, as reported on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances (GAAP basis)	<u>\$ 327,577</u>	<u>\$ 527,150</u>	<u>\$ 493,736</u>	<u>\$ 367,917</u>

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the following areas for the year ended June 30, 2001:

Fund	Function/Fund-Agency	Appropriations	Expenditures
General Fund:			
	Public Assistance Community Services Agency	\$ 15,845	\$ 16,005

In the General Fund, public assistance expenditures in excess of appropriations occurred in the Community Services Agency (CSA). CSA's excess of expenditures occurred because the department did not realize all of the intrafund billings that they had projected for the budget. General Fund expenditures did not exceed budgeted appropriations at the legal level of budgetary control.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

13. CHANGE IN ACCOUNTING PRINCIPLE

The County implemented GASB Statement No. 33, effective July 1, 2000. Under the provisions of this statement, governmental fund revenues pertaining to nonexchange transactions can be accrued only if they are measurable and available. As a result of this change in accounting principle, fund balance as of June 30, 2000 has been restated to account for the accrued revenues that were unavailable within the established availability criteria to pay liabilities associated with the accrued expenditures as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total
Fund Balance, as previously reported	\$ 238,730	\$ 493,062	\$ 504,819	\$ 298,231	\$ 1,534,842
Restatement for change in accounting principle	(23,539)	(1,606)	--	(252)	(25,397)
Fund Balance, as restated	<u>\$ 215,191</u>	<u>\$ 491,456</u>	<u>\$ 504,819</u>	<u>\$ 297,979</u>	<u>\$ 1,509,445</u>

The effect of this change was to decrease the governmental funds' fund balances for the year ended June 30, 2000 by \$25,397.

The impact of GASB 33 on the current year operations of the General Fund resulted in a decrease of approximately \$8,000 in intergovernmental revenues; whereas the impact of GASB 33 is immaterial to the current year operations of the Special Revenue and Capital Projects fund type. Prior to GASB 33, those revenues would normally be accrued along with the related expenditures on a matching basis as long as the revenues are received within the next fiscal year. Also, capital grant revenues of \$5,646 are recorded as capital contributions in the Enterprise Funds' Statement of Revenues, Expenses and Changes in Retained Earnings and Contributed Capital.

14. RESERVED FUND BALANCES

Fund balances, which are not available for appropriation at June 30, 2001, are reserved for the following purposes:

	General	Special Revenue	Debt Service	Capital Projects	Trust	Component Unit
Assets Not Available for Appropriations:						
Encumbrances	\$ 77,858	\$ 74,586	\$ --	\$ 16,176	\$ --	\$ 13,916
Long-Term Receivables	--	--	16,454	--	--	--
Imprest Cash Funds	1,644	174	--	--	--	--
Notes Receivable	--	3,466	--	--	--	--
Loans Receivable	--	1,215	--	--	--	--
Employees' Retirement	--	--	--	--	3,468	--
Inventory of Materials and Supplies	431	814	--	--	--	--
Prepaid Costs	1	96	--	--	--	--
Land and Improvements Held for Resale	--	--	--	2,179	--	--
Redevelopment Loans	--	3,267	--	1,211	--	--
Debt Service	--	--	475,552	--	--	--
External Investment Pools	--	--	--	--	1,554,468	--
Children's Programs	--	--	--	--	--	91,323
Fund Balances Reserved by Board of Supervisors for a Future Purpose:						
Equipment Replacement	--	21,245	--	--	--	--
Low and Moderate Income Housing	--	10,559	--	--	--	--
Land Purchase	--	70	--	15,116	--	--
OCHA Operations	--	4,511	--	--	--	--
Future Road Projects	--	37,905	--	--	--	--
Library Contingencies	--	1,934	--	--	--	--
Capital Projects	--	18,598	--	91,537	--	--

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

14. RESERVED FUND BALANCES (Cont'd)

	General	Special Revenue	Debt Service	Capital Projects	Trust	Component Unit
Fund Balances Reserved by Board of Supervisors for a Future Purpose (Cont'd):						
General Reserve	\$ --	\$ 17,358	\$ --	\$ --	\$ 54	\$ --
Cash Flow Loans to Housing & Community Development Loan Program	--	2,500	--	--	--	--
Contingencies	16,000	--	--	--	--	--
Revitalization Projects	--	1,767	--	--	--	--
Strategic Priorities	77,600	--	--	--	--	--
Other Reserves	109	82	--	900	--	--
Reserved Fund Balance	<u>\$ 173,643</u>	<u>\$ 209,894</u>	<u>\$ 492,006</u>	<u>\$ 127,119</u>	<u>\$ 1,557,990</u>	<u>\$ 105,239</u>

General reserves represent a segregation of a portion of fund balance that is restricted to provide for cash flow financing. General reserves, revenue anticipation notes, interfund loans, or a combination of the three are used by the County to ensure that sufficient cash is available to meet operating needs each fiscal year until property tax revenues are received in December and April. General reserves are increased or decreased by the County Board of Supervisors as part of the annual budget process.

15. ENTERPRISE FUNDS

A. Airport

The Airport Enterprise Fund was established to account for self-supporting services rendered at John Wayne Airport (JWA). The Airport's staff coordinates and administers the general business activities related to JWA, including concessions, fixed base operations, leased property, and aircraft tiedown facilities. Separate financial statements are issued for the Airport Enterprise Fund. Copies of the financial statements may be obtained from JWA Accounting Services.

B. Waste Management

The Waste Management Enterprise fund was established to provide monies for the operation, expansion, and closing of existing landfills and the opening of new landfills. Monies are collected through gate fees, which users pay based primarily on tonnage. Separate financial statements are also issued for the Waste Management Enterprise Fund. Copies of the financial statements may be obtained from the Integrated Waste Management Department (IWMD).

C. Segment Information for Enterprise Funds

	Airport	Waste Management	Total Enterprise Funds
Operating revenues	\$ 70,489	\$ 101,437	\$ 171,926
Depreciation	16,842	8,709	25,551
Operating income	22,849	29,181	52,030
Intergovernmental revenues	11	235	246
Current capital contributions	5,646	--	5,646
Operating transfers out	(5,370)	(14,001)	(19,371)
Net income	16,730	30,100	46,830
Plant, property and equipment:			
Additions	11,107	13,400	24,507
Deletions	(62)	(449)	(511)
Net working capital	54,045	295,786	349,831
Total assets	403,862	558,271	962,133
Bonds and other long-term liabilities	171,954	230,398	402,352
Total equity	197,007	294,611	491,618

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

16. LANDFILL SITE CLOSURE AND POSTCLOSURE CARE COSTS

State laws and regulations require the IWMD to place final covers on its landfill sites when the landfills stop accepting waste and to perform certain maintenance and monitoring functions at the site for a minimum of 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date each respective landfill stops accepting waste, IWMD is required by GASB Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs," to report a portion of these closure and postclosure care costs as an operating expense in each period based on the landfill capacity used as of each balance sheet date.

IWMD owns or operates the following waste disposal sites:

- Frank R. Bowerman (FRB) (Irvine – Active)
- Olinda Alpha (Brea – Active)
- Prima Deshecha (San Juan Capistrano – Active)
- Santiago Canyon (Orange – Inactive)
- Coyote Canyon (Newport Beach – Closed in 1995)

All active waste disposal sites, (FRB, Olinda Alpha and Prima Deshecha), are owned by IWMD. Santiago Canyon and Coyote Canyon are owned by the Irvine Company and are under lease. IWMD closed Coyote Canyon in 1995, as this site had reached its maximum capacity. Santiago Canyon is currently inactive and due for closure in 2002. The \$166,667 balance reported as the landfill closure and postclosure care liability at June 30, 2001 represents the cumulative amount accrued based on the percentage of the landfill capacity that has been used to date (40%), less actual costs disbursed related to the closure of the Coyote Canyon landfill. IWMD will recognize the remaining estimated cost of closure and postclosure care of \$159,727 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal 2001 dollars. Actual costs may be higher due to inflation, changes in technology or changes in regulations. IWMD has landfill capacity permits to operate until the year 2040. With proposed expansion plans, however, IWMD intends to operate the landfills well beyond this date.

In compliance with the California Integrated Waste Management Board's regulations, IWMD has elected to make cash contributions to escrow funds to finance closure costs and has executed a pledge of future revenue agreement to assure that adequate funds are available to carry out postclosure care of all landfills. Accordingly, IWMD, on an annual basis, sets aside cash for the FRB, Olinda Alpha, Prima Deshecha, and Santiago Canyon into restricted escrow funds held by the County. As of June 30, 2001, \$41,996, has been set aside for these costs and is included in the accompanying balance sheet as Pooled Cash/Investments – Closure and Postclosure Care Costs. The State mandated formula under which these contributions are computed will provide for the accumulation of sufficient cash to cover all estimated closure costs when each site reaches maximum capacity. IWMD expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Regulations governing solid waste management are promulgated by government agencies on the federal, state and local levels. These regulations address the design, construction, operation, maintenance, closure and postclosure maintenance of various types of facilities; acceptable and prohibited waste types; and inspection, permitting, environmental monitoring and solid waste recycling requirements. Regulations at both the state and federal levels could impose retroactive liability, particularly with respect to cleanup activities, relating to any landfill site ever operated by the County, whether or not owned by the County. Thus, the County has potential liability with respect to every landfill ever operated by the County. Compliance with these regulations may be costly, and, as more stringent standards are developed to protect the environment, these costs could increase. IWMD evaluates its potential exposure to remediation liabilities on closed landfill sites, and based on information currently available to them, IWMD management believes it has sufficient reserves for known and anticipated remediation costs.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

17. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2001, major contracts entered into for equipment, land, structures and improvements, and other commitments were as follows, listed by fund type:

<u>General Fund:</u>	<u>Project Title</u>	<u>Remaining Commitments</u>
	<u>Central Justice Center – Phase II HVAC/ADA Heating, Ventilation, & Air-Conditioning Improvements to Comply with ADA</u>	\$ 6,044
	<u>Probation Department Facility</u> Rancho Potrero (90 bed juvenile facility construction costs)	1,332
	<u>Capital Projects</u> Jury Assembly Room – Remodeling of Central Court House	2,093
	Subtotal	<u>9,469</u>
<u>Special Revenue:</u>		
	<u>Road Fund</u> Various Roads Resurfacing and Slurry Seal Newport Boulevard Phase II	1,271 1,130
	<u>Foothill Circulation Phasing Plan</u> Category 3 / Backbone 2 Intersection Improvements Alton-Irvine Blvd. to Foothill Transportation Corridor	1,279 1,566
	<u>Flood Fund</u> Flood Related Projects – Professional Services Carbon Creek Channel/Coyote Creek Channel Rossmoor Pump Station, Phase 1 Fullerton Creek Channel – Knott to Beach Bolsa Chica Channel @ 1-405 East Garden Grove Wintersburg Channel, 349 meters upstream of Goldenwest to 138 meters upstream of Gothard Huntington Beach Channel to Atlanta Ave.	2,048 1,113 7,463 2,355 4,203 4,907 3,625
	<u>Harbors, Beaches & Parks</u> Prospect Sports Park Mission San Juan Capistrano	2,000 1,100
	<u>Other Public Protection</u> 800 MHz Countywide Coordinated Communications System (law enforcement and public works communications system)	13,983
	Subtotal	<u>48,043</u>
<u>Capital Projects:</u>		
	<u>Criminal Justice Facility</u> Rancho Potrero Leadership Academy Juvenile Hall – 60 bed expansion	2,204 2,404
	Subtotal	<u>4,608</u>

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

17. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS (Cont'd)

<u>Enterprise:</u>	<u>Project Title</u>	<u>Remaining Commitments</u>
	<u>Integrated Waste Management</u>	
	Frank R. Bowerman (FRB) – Construction Mgmt.	
	Construction Quality Assurance Phase V-D	\$ 6,000
	FRB Gas Collection Pipes	1,488
	Subtotal	<u>7,488</u>
	Total	<u>\$ 69,608</u>

In addition, the County is involved in the Santa Ana River Mainstem Project and the proposed Prado Dam. These are major flood control projects, which when fully completed, are designed to prevent the type of devastating damage caused by large-scale flooding that occurs on the average of every 190 years in the Santa Ana River flood plain. The Federal Government, Orange County Flood Control District (OCFCD), San Bernardino County Department of Transportation/Flood Control District, and Riverside County Flood Control & Water Conservation District are cost sharing the U.S. Army Corp of Engineers' (COE) estimated total project cost of \$14 billion. The OCFCD currently estimates its share of costs for the two projects to be \$413 million for acquisition of real property rights for construction of the project, relocation of designated roads, bridges, trails, channels and utilities, and construction cost share contributions. The costs of these projects exceed OCFCD available funds. This estimate is based on a recent indication of support by the COE for the Federal government to finance 50% of the total Prado Dam costs, subject to Federal appropriations to do so. The cost of the project exceeds OCFCD revenues available for facility improvements. The project has been authorized by the State Legislature, making it eligible for State Flood Control Subventions (reimbursement of 70% of OCFCD eligible expenditures). An estimated \$54 million in budgeted and encumbered funds are expected to be reimbursed to the OCFCD over the next 18 months, upon audit by the State Department of Water Resources (DWR). Once a claim is reviewed and approved by the DWR, only 90% of the eligible expenditures can be received if funds are available, and the remaining 10% can be received after an audit by the State Controller's Office. To date, the OCFCD has spent approximately \$203 million, submitted \$132.5 million in claims for reimbursement of eligible expenditures, and has received \$94 million in reimbursements. The County does not accrue revenue due to the uncertainty of DWR eligibility approval of the reimbursement and due to the typical review completion time period after claim submission.

18. SELF-INSURANCE

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters; unemployment; salary continuance; and providing health benefits to employees, retirees and their dependents. The County has chosen to establish internal service funds (ISFs) where assets are set aside for claim settlements and judgments associated with such losses.

The Workers' Compensation ISF addresses the risks related to employee injury through its Safety Program, which is responsible for injury and illness prevention, and the Workers' Compensation Program, which ensures that all benefits are properly provided and administers the contract for the third party workers' compensation claims administration. Workers' compensation claims are self-funded up to \$5,000. A commercial insurance policy also provides an additional \$5,000 in coverage.

The Property and Casualty Risk ISF is responsible for managing losses related to torts; theft of, damage to and destruction of assets, errors and omissions, civil rights claims, and natural disasters. Tort liability is also self-insured up to \$5,000. Commercial insurance is purchased for property and other risk exposures. Additional excess liability insurance provides up to an additional \$25,000 in liability coverage.

The County first began purchasing commercial insurance for the Workers' Compensation and the Property and Casualty Risk Programs in fiscal year 1997-98 to provide excess coverage. For fiscal years 1998-99, 1999-00, and 2000-01 there were no claims or settlements that exceeded the self-insurance threshold and accordingly, no claims or settlements have been paid by the excess insurance.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

18. SELF-INSURANCE (Cont'd)

Independent actuarial studies are secured annually for the Workers' Compensation and Property and Casualty Risk ISFs. The unpaid claims liabilities included are based on the results of those annual actuarial studies and include amounts for loss adjustment expenses and claims incurred but not reported. Claim liabilities are calculated considering inflation, claims cost trends including frequency and payout of settlements and judgments, interest earnings, and changes in legal and economic factors. Claims liabilities have been discounted at a rate of 5% to reflect anticipated future investment earnings.

All County departments that have employees contribute to the Workers' Compensation Fund according to the State Controller's method of cost allocation based on employee classifications and claims experience. All departments that have any loss experience in property or casualty are similarly charged for their pro rata share of the ISF costs.

The County has also established the Unemployment Insurance ISF, which covers all employees, and the County Indemnity Health Plans and Self-Insured Benefits ISFs, which provide health, dental and salary continuance for a portion of its employees. The County pays through the State of California the standard unemployment benefits. The health insurance coverage is up to \$2,000 for each covered employee or dependent.

Revenues of the ISFs, when combined with current reserves and future contributions, are expected to provide adequate resources to meet liabilities as they come due.

Changes in the balances of claims liabilities during the past two fiscal years for these self-insurance funds are as follows:

	Workers' Compensation	Property & Casualty Risk	Health & Other Insurance Benefits	Total
Unpaid Claims, Beginning of FY 1999-00	\$ 35,465	\$ 41,308	\$ 10,695	\$ 87,468
Claims and Changes in Estimates	25,835	(6,081)	36,732	56,486
Claim Payments	(17,968)	(7,035)	(36,132)	(61,135)
Unpaid Claims, End of FY 1999-00	43,332	28,192	11,295	82,819
Claims and Changes in Estimates	31,802	3,018	38,828	73,648
Claim Payments	(20,146)	(6,063)	(39,462)	(65,671)
Unpaid Claims End of FY 2000-01	\$ 54,988	\$ 25,147	\$ 10,661	\$ 90,796

There is an additional \$673 in the General Fund for claims payable to management employees for unreimbursed medical expenses, accidental death and dismemberment insurance, health insurance, professional organization fees and, in lieu of the aforementioned, actual cash disbursements.

The increase in the overall cost of workers' compensation claims this period reflects several costly settlements, increases in the costs of permanent disabilities, and a trend in rising medical costs.

The County's loss frequency for Property and Casualty Risk continues to decrease due to the ongoing impacts of city incorporations, which continue to reduce risk exposure. A change in procedure in all Orange County courts continues to reduce the number of lawsuits filed against the County. Cases are resolved promptly which usually results in a lower cost or settlement.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

19. ESTIMATED LIABILITY FOR OTHER LITIGATION AND CLAIMS

The County records estimates of liabilities for litigation and claims expected to be paid primarily from the General Fund. Estimated liabilities for litigation and claims totaling \$195 have been recorded in the General Long-Term Debt Account Group at June 30, 2001, as none of these liabilities are expected to be liquidated with expendable available financial resources.

Sparkes Pit/Rains Refuse Disposal Station #18 – Regulatory Action. Located in the City of Anaheim, Sparkes Pit is a landfill formerly leased to and operated by the County. The State Water Board and other regulatory agencies are seeking certain improvements to the site to mitigate possible groundwater contamination. In addition, the regulators may require the installation of a landfill gas system upgrade or installation of a new system. It is likely that the County will incur costs as a result of these regulatory actions. Although the ultimate costs, if any, are unknown, they may be significant. However, the County's Chapter 9 discharge may prove to be an absolute defense to this matter. The County is aggressively seeking to join other parties who participated in past operations of the site to share in the costs of mitigation. At this early stage of the regulatory actions, it is not possible to predict the outcome of these actions or the success of the County's attempt to join other responsible parties.

Cannery Street Refuse Disposal Station #4. A park owned by the City of Huntington Beach is located on a site that was formerly used as a refuse disposal station operated by the County of Orange. Methane gas was detected on the property. The Local Enforcement Agency (LEA), the entity that regulates landfills, ordered the City and the Huntington Beach School District to develop a plan to control the landfill gas at the site. To the best of our knowledge, the City of Huntington Beach is in the process of implementing the landfill gas mitigation required by the LEA. The County cannot estimate the cost to control landfill gas. The costs, however, could be substantial. The City has notified the County that it is their position that the County is responsible for control of landfill gas from that site. The City, however, has not yet filed a claim. The County denies that it is responsible. It is possible, however, that the County could incur significant costs if the matter results in litigation.

La Habra Refuse Disposal Station # 11. A park owned by the City of La Habra is located on a site that was formerly leased and used as a refuse disposal station operated by the County of Orange. The site was operated by the City for refuse disposal prior to 1949 and by the County between 1949 and 1958. Methane gas was detected on the property. The LEA ordered the City to develop a plan to control the landfill gas at the site. To the best of our knowledge, the City of La Habra is in the process of implementing the landfill gas mitigation required by the LEA. The County cannot estimate the cost to control landfill gas. The costs, however, could be substantial. The City has notified the County that it is their position that the County is responsible for control of landfill gas from that site. The City, however, has not yet filed a claim. The County denies that it is responsible. It is possible, however, that the County could incur significant costs if the matter results in litigation.

San Joaquin Refuse Disposal Station # 13. The site, owned by the University of California at Irvine, was leased and operated by the County of Orange as a refuse disposal facility from 1954 to 1961. In 1996, a portion of the site was sold to the Food and Drug Administration. Methane gas was detected on the property. The LEA is discussing with the owners follow-up actions to further evaluate landfill gas migration. The County cannot estimate the cost to control landfill gas. The costs, however, could be substantial. The University has notified the County that it is their position that the County is responsible for control of landfill gas from that site. The University, however, has not yet filed a claim. The County denies that it is responsible. It is possible, however, that the County could incur significant costs if the matter results in litigation.

Forster Refuse Disposal Station # 17. The site, located in the City of San Juan Capistrano, was formerly leased and operated as a refuse disposal station by the County of Orange from 1958 to 1976. The current owner is proposing a change in land use for the property and has notified the County that it is their position that the County is responsible for closure of the site. The County cannot estimate the cost to close the site. The costs, however, could be substantial. The owner, however, has not yet filed a claim. The County denies that it is responsible. It is possible, however, that the County could incur significant costs if the matter results in litigation.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

19. ESTIMATED LIABILITY FOR OTHER LITIGATION AND CLAIMS (Cont'd)

Hughes Aircraft Co. v. County of Orange. Hughes Aircraft Co. is seeking a refund of property taxes for the tax years 1989 to 1994 for personal property that it contends were owned by the U.S. Government under the terms of its government contracts. Hughes estimates that the total amount to be refunded is \$1,153, plus interest of which the County's share would be approximately 12% of the estimated total to be refunded. This case went to trial and resulted in a Superior Court ruling in favor of Hughes. The County appealed the decision and all briefs required by the Court of Appeal have been completed. After several counties filed an *Amicus* Brief, the Court of Appeal has asked that Hughes and the County file briefs in response. Briefing is now complete. The Court of Appeal has written a tentative opinion affirming the trial court's decision, but has requested oral argument before the opinion is filed. No date for oral argument has been set.

Barratt American Incorporated, et al., v. County of Orange. Plaintiffs claim that the County of Orange has overcharged on its building permit and inspection services since 1992. Specifically, they allege the County has collected fees in excess of the costs of providing the services in the amount of \$16,232 as of May 1999, of which Plaintiffs claim they paid \$42. Plaintiffs further claim the County improperly used some of the alleged surplus to pay for certain administrative expenses arising out of the Orange County Bankruptcy proceeding as well as for other services or charges in an amount not known to the plaintiffs. Finally, Plaintiffs allege that since May 1999, the County has collected and will collect an estimated \$40,000 in fees pursuant to an alleged defective resolution.

The County denies the allegations and claims that the statutes of limitations and other legal doctrines bar Plaintiffs' claims. Additionally, the County asserts the fee challenges could and should have been raised in the Orange County Bankruptcy proceeding. Indeed, plaintiff Barratt American submitted a fee refund claim in the bankruptcy matter. A first phase of trial took place on October 30, 2000 for a court determination of certain County defenses including statutes of limitations. The court ruled that the existing County resolution is valid and that Plaintiffs' claims arising out of the former 1992 resolution are barred by applicable statutes of limitations.

The second phase of trial began August 17, 2001. The court ruled that Plaintiffs cannot challenge in state court an approximately \$2,500 allocation of investment pool loss approved by the United States Bankruptcy Court in the Orange County Bankruptcy proceeding. The court further ruled against the plaintiffs on their claim that Office of Management and Budget Circular A-87 controls the county's discretion on how to disperse the surplus. The court also ruled against the plaintiffs on their claim that the county cannot maintain a reserve balance in the surplus funds. Plaintiffs will pursue additional claims against the County in a final Phase 3 trial.

On March 26, 2001, Plaintiffs filed a new complaint against the County claiming that the County overcharged and continues to overcharge on its building permits and inspection services since 1992. The new complaint is similar to the former complaint except that the new complaint challenges the enactment of a fee reduction ordinance enacted by the County earlier this year. The County denies the allegations and intends to defend itself in court against the complaint.

Potential Fire Station Claims. Certain fire stations previously owned by the County were transferred to the Orange County Fire Authority (OCFA) in connection with OCFA's formation in March 1995. As part of the joint powers agreement forming OCFA, of which the County is a party, the County agreed to indemnify OCFA for certain claims and liabilities arising prior to OCFA formation.

OCFA has contacted the County regarding potential claims against the County arising out of possible contamination from motor vehicle fuels that leaked from underground storage tank systems at nine fire stations. OCFA claims are currently tolled until February 2003 under tolling agreements with the County. In addition, an abutting landowner at one of the stations has threatened litigation alleging that contamination from leaking storage tank systems has migrated to the abutting property.

Although the County may face liability for contamination from underground storage tanks at fire stations, and the potential liability may be substantial, the County assessment of the potential claims is in the preliminary stages, making accurate quantification of potential liability, if any, difficult. With regard to the potential third-party claim, the County has not been provided sufficient access to the abutting property to permit an adequate assessment of the potential contamination to take place.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

19. ESTIMATED LIABILITY FOR OTHER LITIGATION AND CLAIMS (Cont'd)

The El Toro Reuse Planning Authority (ETRPA) v. Board of Supervisors. In this lawsuit, ETRPA alleges that the County (and the Board of Supervisors) are illegally diverting John Wayne Airport revenue to fund public information regarding constructing a commercial airport at the former El Toro Marine Corps Air Station. The case is in the pleading stages and the County is vigorously defending the County's expenditures. If, however, the case goes to trial and Plaintiffs prevail, the court could order reimbursement from the general fund of any moneys illegally diverted from John Wayne Airport revenue.

County of Orange v. Assessment Appeals Board No. 3. The County brought an action against County Assessment Appeals Board No. 3 over a ruling that the County Assessor unlawfully assessed a parcel of residential property. The issue is whether reductions in assessed value under Proposition VIII are permanent or temporary. If temporary, the Assessor may increase the assessment for a given year by more than 2% from the previous year's assessment up to the previously established base year value under Proposition XIII, plus an annual inflation factor of up to 2%. If permanent, the Proposition VIII reduction establishes a new base year value, which limits the Assessor's ability to increase such value in subsequent years to up to 2% annually.

The County contends that Proposition VIII reductions in assessments are temporary and when the assessed value of the property returns to pre-reduction value, the Assessor must return to using the base year value, adjusted for inflation, even if the increased assessment exceeds 2% of the prior year's reduced value.

In November 2001, the Superior Court ruled that the County Assessor used an illegal assessment method in recapturing Proposition 13 values. The County is currently considering asking for appellate court review of the ruling. Class action issues have not been decided. If the court's ruling is upheld, the ruling could result in millions of dollars of refunds due taxpayers and reductions in base year values for subsequent years, thus reducing tax revenue in the future.

Garry v. City of Irvine et al. This is an action brought by an individual taxpayer challenging the County's expenditures on the public information program for the proposed El Toro airport on the grounds they constitute waste and illegal campaigning. The matter is in the discovery stage and the County is vigorously defending its expenditures. If, however, the matter proceeds to trial and Plaintiff prevails, the court could order reimbursement from the County general fund of any moneys illegally expended. Expenditures subject to this lawsuit may total in the millions of dollars.

SoliFlo Partners, LP v. County of Orange. This action was filed September 1999. The Plaintiff claims that the County has failed to complete its payment for materials dredged in the Newport Dunes Marina. Plaintiff also claims it has been damaged due to County delays in the dredging project. Total claim of damages is approximately \$1,400. The County has cross-claimed against Plaintiff and its surety for the cost to complete Plaintiff's work and against Plaintiff for making false claims to the County. The County's damages are not yet fully ascertained.

Last year, the case was ordered to mediation, which commenced in December 2000. The settlement negotiations continued through the winter months and collapsed in May 2001. Written discovery is pending and depositions are expected to commence this fall. The court has set a trial date of April 22, 2002.

The County will vigorously defend against Plaintiff's claims and prosecute its cross-claims against Plaintiff and surety. Notwithstanding the aggressive litigation approach adopted, the County will take reasonable steps to settle such claims on appropriate terms as may be to the County's strategic and economic advantage.

SoliFlo Partners, LP v. County of Orange. SoliFlo Partners, LP, filed another action April 10, 2001, which was not served until the end of July. This litigation arises out of a dredging project in the Upper Newport Bay. Plaintiff claims it is owed compensation for its dredging work, together with additional compensation for alleged delay to its work in the sum of approximately \$1,400. The County has not yet responded to the complaint, no discovery has commenced nor has a trial date been set. At this early stage of litigation, it is difficult to assess the likelihood of an unfavorable outcome. As with the previous litigation, the County will vigorously defend against Plaintiff's claims. Notwithstanding the aggressive litigation approach adopted, the County will take reasonable steps to settle such claims on appropriate terms as may be to the County's strategic and economic advantage.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

19. ESTIMATED LIABILITY FOR OTHER LITIGATION AND CLAIMS (Cont'd)

Coordination Proceeding Special Title (Rule 1550 (B)) - Retirement Case. On August 14, 1997, the Supreme Court of the State of California issued a decision in a case entitled *Ventura County Deputy Sheriffs Association vs. Board of Retirement of Ventura County Employees' Retirement Association*. On October 1, 1997, the decision of the California Supreme Court became final. The Supreme Court held that a county retirement system operating under the provisions of the County Employees Retirement Law of 1937 must include certain types of cash incentive payments and additional pay elements, received by an employee, within the employee's "compensation earnable" and "final compensation" when calculating the employee's retirement benefit.

The court has ruled that disputed items of compensation are not includable in "compensation earnable" and that the *Ventura* decision should be applied retroactively. Questions relating to the finding of such retroactive application remain before the court. Judgment has not been entered. Should the County prevail on appeal, it could realize a reduction in retirement obligations of approximately \$175,000 or in excess of \$15,000 for 15 years. Should the employees prevail on appeal, future retirement costs to the County could increase significantly.

20. OTHER CONTINGENCIES

In addition to the accrued liabilities for self-insurance claims incurred but not reported and other litigation and claims described previously, the County is also a defendant in numerous other lawsuits and claims arising from, among other things, breach of contract and tax disputes. Although the aggregate amount asserted in such lawsuits and claims is significant, County management believes that the ultimate outcome of these matters will not have a significant effect on the financial position or results of operations of the funds of the County.

As the owner and operator of a number of landfill sites, IWMD has potential exposure to environmental liability. IWMD may be required to perform corrective action for contaminate releases at any of its former refuse disposal stations, even if the County no longer owns the site. IWMD has completed preliminary environmental site assessments for the former refuse disposal stations. On the basis of information currently available to management, IWMD management believes it has sufficient reserves for known and anticipated remediation costs.

Grant monies received from federal and state sources are subject to audit by these agencies to determine whether expenditures are in compliance with the respective grant provisions. County management does not believe that a material liability will result from these potential audits. However, there are currently two outstanding issues that could have an impact on the County's Health Care Agency (HCA) related to federal and state funding.

- A. HCA is currently under investigation by federal authorities for potential civil fraud and False Claims Act violations in connection with its Medicare billings for mental health services. The investigation is being directed by the United States Attorney's Office for the Central District of California, working in conjunction with the Office of the Inspector General for the Department of Health and Human Services.

In April 2000, HCA was served with a subpoena requiring it to produce all documents relating to HCA's Behavioral Health Division Medicare billings from January 1995 to December 1997. In December 2000, HCA was served with an amended subpoena, limiting the number of documents HCA was required to provide. HCA filed a motion in the United States District Court, Central District of California, on May 25, 2001, in which HCA sought to quash or to modify the subpoena for lack of jurisdiction under the federal False Claims Act. On November 6, 2001, Magistrate Judge Marc L. Goldman denied the motion. HCA is currently preparing documents in order to respond to the December 2000 subpoena.

It is the County's understanding the investigation focuses on HCA's Medicare billing practices from 1990 through 1997, and that the investigators believe that HCA may have made numerous false claims on its Medicare bills during that period. No civil lawsuits have been filed by the federal government in connection with the investigation. Because no civil lawsuits have yet been filed in this investigation, and because the issues in this matter involve complex and disputed issues of fact and law, the County is unable to reasonably estimate any potential penalties and/or other costs that HCA may be required to pay.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

20. OTHER CONTINGENCIES (Cont'd)

- B. The State of California mandates that counties provide necessary mental health services to children who are enrolled in special education programs. Consistent with the practices of most other California counties, Orange County has been claiming the net cost of providing these services to the State under the Senate Bill 90 State Mandated Costs Reimbursement program (SB 90). The State has fully reimbursed these claims since FY 1986-87 when costs first became eligible for reimbursement.

An ongoing State Controller's Office audit has preliminarily determined that a portion of the County's claims are ineligible for reimbursement due to a difference of opinion regarding claiming guidelines affecting FY 1997-1998 and FY 1998-1999 for a total of \$18,200. If upheld, this finding could also potentially impact an estimated \$9,000 -10,000 in County claims subsequent to FY 1998-1999. A final audit report has not been issued, and there is an extensive appeal process.

The County disagrees with the auditor's preliminary findings and intends to appeal any negative finding. This issue potentially impacts a number of other California counties. Orange County is working collaboratively with other California counties and the statewide local mental health directors association to seek formal clarification and modification of obsolete claiming guidelines through the Commission on State Mandates. If necessary, legislative changes may be sought.

Reduced program reimbursement from the State for subsequent years may result in the County having to find alternative funding sources or re-prioritize programs or a combination of both. If the preliminary State finding is ultimately upheld and legislative and other remedies are unsuccessful, the County's general fund may be required to repay a portion of the disputed claims and assist in funding mandated programs in subsequent years. The County is considering a contingency funding plan for prior year and future year potential impact of this issue.

21. DEFINED BENEFIT PENSION PLANS

Orange County Employees Retirement System (OCERS)

Plan Description. Substantially all County employees participate in OCERS, a cost-sharing multiple-employer public employee retirement system established in 1945 under the County Employees' Retirement Law of 1937. The employees of several other smaller units of local government also participate in the system and account for approximately 16.47% of the system membership.

OCERS provides for retirement, death, disability, and cost-of-living benefits, and is subject to provisions of the County Employees' Retirement Law of 1937 and other applicable statutes. Members employed after September 20, 1979, are designated as Tier II members. Members employed prior to September 21, 1979, are designated as Tier I members; the establishment of Tier II resulted in a reduced allowance beginning at age 50. The retirement allowance is based upon the member's age at retirement, final compensation, and the total years of service under the System. If an employee terminates before rendering five years of service, the employee forfeits the right to receive benefits and is entitled to withdraw employee contributions made together with accumulated interest. If an employee terminates after five years of service, the employee may elect to leave the accumulated deposits in the retirement fund and be granted a deferred retirement allowance at the time the member would have been entitled to the allowance if service had been continued.

OCERS issues a stand alone annual financial report each year ending December 31. OCERS annual financial report can be obtained by writing to the Orange County Employees Retirement System, 2223 Wellington Avenue, Santa Ana, CA 92701 or by calling (714) 558-6200.

Funding Policy. In accordance with various Board of Supervisors' resolutions, the County's funding policy is to make periodic contributions to OCERS in amounts such that, when combined with employees' contributions and with investment income, will fully provide for all employees' benefits by the time they retire. For FY 2000-2001, employer's contributions as a percentage of covered payroll were .96% for General members and 22.22% for Safety members.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

21. DEFINED BENEFIT PENSION PLANS (Cont'd)

Covered employees are required to contribute a percentage of their annual compensation to OCERS as a condition of employment. For Tier I members, the normal rate of contribution is based on the member's age at entry in OCERS, and is calculated to provide an annual annuity equal to 1/200 of the member's "final compensation" for each year of service rendered at age 60 for General members, and at the age of 50 for Safety members. For Tier II General members, the rate of contribution is calculated to provide an annual annuity equal to 1/120 of the member's "final compensation" for each year of service rendered at age 60. For Tier II Safety members, the rate of contribution is calculated to provide an annuity equal to 1/100 of the member's "final compensation" for each year of service rendered at age 50.

The Pension Liability or Asset at transition was calculated in accordance with the provisions of GASB Statement No. 27 and was zero at transition and the effective date.

As of OCERS' most recent annual report, the County's 2000 contribution represented 76% of total contributions required of all participating entities.

In September 1994, pursuant to an agreement with OCERS, the County issued \$320,040 in taxable Pension Obligation Bonds (POB). The Bonds were issued to refund the prior service portion of the County's retirement obligations. OCERS established a County Investment Account (Investment Account) with the POB proceeds in the amount of \$318,300. For FY 1995-96, the County reached an agreement with OCERS to use the Investment Account to fund both the normal cost and Unfunded Actuarial Accrued Liability (UAAL) portions of the County's required employer retirement contributions. In 1996, the County and the Retirement Board entered into an agreement for the use of the Investment Account over a new funding period of 20 years. The agreement provides for the Investment Account to be used to fund the County's employer contribution in a decreasing percentage each year. The Investment Account allowed for 75% of the employer contribution to be paid from the Investment Account Agreement; however, due to higher than anticipated investment earnings, the \$45,932 contribution was paid entirely by the investment account. In subsequent years the portion of normal costs paid from bond proceeds would be adjusted by a reduction of 5% of normal costs each year for 20 years, increases or decreases in relation to changes in the UAAL, and returns on investments which varied from anticipated. The balance of the investment account on June 30, 2001 was \$241,772.

Because the amortized gains of the retirement system have been higher than anticipated, the required annual percentage of employer contributions has remained low. The following table shows the County's required contributions and the percentage contributed, for the current year and each of the two preceding years:

<u>Year Ended</u>	<u>County Cash Contribution</u>	<u>OCERS Investment Account Contribution</u>	<u>Total Annual Required Contribution</u>	<u>Percentage Contributed</u>
06/30/99	\$ 1,284	\$ 44,004	\$ 45,288	100%
06/30/00	232	50,262	50,494	100%
06/30/01	--	45,932	45,932	100%

Defined Benefit Retirement Plan

Plan Description. In January 1992, the County adopted the 1992 Defined Benefit Retirement Plan. The Plan is a single-employer defined benefit retirement plan for employees performing services based on less than half-time or as extra help. The Plan was adopted to comply with the Omnibus Budget Reconciliation Act of 1990. Eligible employees of this plan are not covered by OCERS.

The normal retirement benefits for a participant who retires on or after the normal retirement date is a monthly amount equal to one-twelfth of two percent of the participant's career earnings during the first 30 years of credited service. The normal retirement date is the first day of the month coinciding with or immediately preceding a participant's 65th birthday. The County Board of Supervisors has full authority to amend or establish plan or benefit provisions at any time in accordance with the plan.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

21. DEFINED BENEFIT PENSION PLANS (Cont'd)

As of June 30, 2001, the plan consists of 1,691 active plan participants, ten terminated plan participants entitled to but not yet receiving benefits, and five retirees receiving benefits.

The plan's financial statements are prepared using the accrual basis of accounting. Plan participant and County contributions are recognized in the period in which contributions are due. Investments are reported at fair value as further described in Note 2.F and are fully invested in the County Pool as described in Note 3. The plan has not issued separate stand-alone financial statements.

Funding Policy. Plan participants are required to contribute between 2.5 and 7.5 percent of their annual covered compensation based upon their attained age as of January 1 of each calendar year. Based on the plan actuary's advice, the County determines the amount necessary for contribution to the plan. Since the plan's inception, there have been no County contributions. The annual required contribution is equal to:

- Normal cost
- Minus employee contribution
- Plus 30 year amortization of the unfunded actuarial accrued liability

Annual Pension Cost. GASB Statement No. 27 requires the County to have an actuarial valuation performed at least biennially to determine the plan's annual pension cost. The annual pension cost equals the plan's annual required contribution, adjusted for historical differences between the annual required contribution and amounts contributed. The actuary has determined the County's annual required contribution is the total of (a) normal cost, (b) minus employee contribution, (c) plus 30-year amortization of the unfunded actuarial liability. Based on the most recent actuarial valuation, June 30, 2000, interest on the net pension obligation is immaterial.

For the fiscal year ended June 30, 2001, the County's annual required contribution was \$73. The required contribution was determined as part of the June 30, 2000 actuarial valuation using the traditional unit credit actuarial cost method. The actuarial assumptions included (a) 8.0% investment return (net of administrative expenses), (b) the 1983 Group Annuity Mortality table for Males and Females, and (c) projected annual salary increases of 4% a year (used to project future payroll only). Both (a) and (c) include a 3% annual inflation component. The unfunded actuarial liability is being amortized as a level dollar on a closed basis. The remaining amortization period is 30 years.

The actuarial valuation date for year 2000 has been changed to June 30 from January 1. The change in accrued liability due to the change of valuation date is insignificant.

Orange County Defined Benefit Retirement Plan
Schedule of Funding Progress
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) - Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/94	\$ 957	\$ 1,023	\$ 66	93.5%	\$ 10,903	0.6%
01/01/98	\$ 2,058	\$ 2,178	\$ 120	94.5%	\$ 10,862	1.1%
06/30/00	\$ 2,666	\$ 3,750	\$ 1,084	71.1%	\$ 18,920	5.7%
06/30/01*	\$ 3,419	\$ 4,149	\$ 730	82.4%	\$ 19,676	3.7%

* June 30, 2001 Actuarial Accrued Liability based on June 30, 2000 valuation results roll forward.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Cont'd)
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

21. DEFINED BENEFIT PENSION PLANS (Cont'd)

Schedule of Employer Contributions
(Amounts in Thousands)

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
1999	\$ 3	0%	\$ 6
2000	\$ 22	0%	\$ 28
2001	\$ 73	0%	\$ 101

The two preceding schedules include information determined as part of the actuarial valuations at the dates indicated.

22. POSTRETIREMENT HEALTH CARE BENEFITS

In addition to providing pension benefits, the County makes health care benefits available for 4,263 retired employees. These health care benefits are funded by a 1% salary contribution from current employees, contributions from the OCERS' Additional Retirement Benefit Account, and contributions from the retirees themselves. The County recognizes the cost of these benefits by reporting as expenditures in various funds periodic insurance premiums and claims, which were \$18,959 in FY 2000-01.

Participants for County administered retiree health care must be eligible to retire and have at least ten years of County service and have reached the age of 50. Participants must also be receiving a monthly retirement allowance from the Orange County Employees Retirement System (OCERS) and be enrolled in a County health plan at the time of retirement.

The retiree medical grant amount for calendar year 2001 is set at \$12.89 per month for each year of County service to a maximum of 25 years. For fiscal year 2000-2001, the retiree medical program contributed \$9,584 towards retiree medical insurance costs. The County of Orange Board of Supervisors approved the establishment of the retiree medical program on August 1, 1993.

At the beginning of each month, the County of Orange and OCERS determine eligibility. The appropriate funds are then applied to the retirees' monthly pension benefit.

23. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 (Deferred Compensation Plan), which permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or certain other cases. In addition, the County provides an employer paid deferred compensation plan for its executives and elected officials.

On January 1, 1998, the County placed all Plan assets in trust accounts for the exclusive benefit of the participants and their beneficiaries, in order to comply with the Small Business Job Protection Act of 1996. Consequently, the County's financial statements do not include Plan assets.

At June 30, 2001, assets with a current market value of \$376,588 were in the Plan's trust accounts.

COUNTY OF ORANGE
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Dollar Amounts in Thousands)

24. SUBSEQUENT EVENTS

The following events occurred subsequent to June 30, 2001:

A. Orange County Development Agency Tax Allocation Refunding Bonds, Series 2001

On July 11, 2001, the Orange County Development Agency issued \$26,160 Tax Allocation Refunding Bonds (Neighborhood Development and Preservation Project) Series 2001 ("NDAPP Refunding Bonds"). A substantial portion of the proceeds of the NDAPP Refunding Bonds and certain other monies, were used to purchase United States Treasury Securities – State and Local Government Series ("SLGS") in order to defease \$26,140 of the \$27,072 outstanding 1992 Tax Allocation Revenue Bonds, Series A ("Prior Bonds"). This action left \$932 (par amount) Capital Appreciation Bonds as the only portion of the "Prior Bonds" outstanding.

B. Terrorists Attacks on September 11, 2001

The terrorist attacks on September 11, 2001, have had a tremendous impact on the nation's economy overall and specifically travel related industries. The immediate effect of the attacks was a temporary suspension of all non-military aircraft operations and closure of all U.S. airports, including JWA. JWA reopened on September 13, 2001. Air carriers have resumed services, although some of them are currently operating at reduced levels and have announced significant cutbacks in their national operations. The Airport and the airlines have implemented new safety and security measures, including those mandated by the Federal Aviation Administration.

As with other airports, the reduction in passenger activity at JWA has had a financial impact. JWA experienced a decrease in operating revenues and passenger activity since September 11, 2001. Based on September and October 2001 data, management projects a 15% decrease in activity for FY 2001-02. Parking and rental car revenues are projected to be lower than last fiscal year. With respect to security costs, based on the current federal security mandates and recommendations of the Orange County Sheriff's Department, the Airport anticipates spending \$8,700, in addition to the originally budgeted \$4,000. The increase in security costs will substantially increase operating expenses, although a portion of the additional cost is borne by the airlines. The Airport is unable to predict the duration and the extent of the impact of the September 11 events on its operations.

On December 4, 2001, JWA management presented a plan to the Board of Supervisors to increase various rates in order to increase revenue and recover the additional security cost. The Board of Supervisors decided to postpone considering the rate hike plan to February of 2002.

C. Teeter Plan Revenue Bonds

- On November 1, 2001, the mandatory tender of the Teeter Plan Revenue Bonds 1995, Series E occurred. The original \$34,000 Series E Bonds were remarketed and have a variable interest rate that will be determined on a weekly basis.
- On November 1, 2001, the Orange County Special Financing Authority retired \$800 of the 1995 Teeter Plan Revenue Bonds, Series A, leaving \$1,800 of the Series A bond outstanding.

D. 3% at 50 Public Safety Retirement

In 1999, the State passed Assembly Bill 1937 giving the Public Employees Retirement System and the 1937 Act Retirement Plans (which includes Orange County's Retirement System) the option to offer a new benefit formula known as 3% at 50 for public safety members. The Association of Orange County Deputy Sheriffs requested a contract re-opener to discuss this benefit. Based on market research and the need to maintain competitiveness in the public safety labor market, the County Board of Supervisors amended the Personnel and Salary Resolution on December 4, 2001, implementing a 3% at 50 retirement formula for public safety employees effective June 28, 2002. The initial estimated annual cost of this benefit is \$14,700 and will be funded by a combination of existing Public Safety Sales Tax, law enforcement contract revenue, contributions from the public safety employees and from the County General Fund. Costs of this benefit have been included in the County's 2002 Strategic Financial Plan.

GENERAL FUND

This fund is used to account for resources traditionally associated with government and all other resources which are not required legally, or by sound financial management, to be accounted for in another fund. Revenues are primarily derived from Taxes; Licenses, Permits and Franchises; Fines, Forfeitures and Penalties; Use of Money and Property; Intergovernmental Revenues; Charges for Services; and Other Revenues. Expenditures are primarily expended for functions of General Government, Public Protection, Public Ways and Facilities, Health and Sanitation, Public Assistance, Capital Outlay, and Debt Service.

COUNTY OF ORANGE
SCHEDULE OF EXPENDITURES/ENCUMBRANCES BY FUND-AGENCY UNIT
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Expenditure Function/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
General Government			
Assessor	\$ 23,105	\$ 22,711	\$ 394
Auditor-Controller	10,751	10,515	236
Board of Supervisors - 1st District	601	550	51
Board of Supervisors - 2nd District	543	506	37
Board of Supervisors - 3rd District	543	533	10
Board of Supervisors - 4th District	542	517	25
Board of Supervisors - 5th District	566	553	13
Capital Acquisition Financing	57	40	17
Capital Projects	7,627	3,089	4,538
Clerk of the Board	2,439	1,878	561
County Counsel	7,318	4,733	2,585
County Executive Office	18,636	14,309	4,327
Data Systems	6,482	4,681	1,801
Data Systems Development Project	11,718	11,706	12
Employee Benefits	4,804	4,436	368
Internal Audit	1,709	1,583	126
Miscellaneous	4,453	(708)	5,161
Professional Consultants Recovery	166	--	166
Protocol Office	190	168	22
Provisions For Contingencies	5,000	--	5,000
Registration and Elections	6,532	6,375	157
Treasurer-Tax Collector	9,383	8,862	521
Utilities	16,251	16,133	118
	<u>139,416</u>	<u>113,170</u>	<u>26,246</u>
Public Protection			
Alternate Defense	10,755	8,411	2,344
Clerk-Recorder	5,520	5,508	12
Detention Release	1,088	1,088	--
District Attorney	116,271	102,590	13,681
Emergency Management Division	924	761	163
Grand Jury	377	269	108
Juvenile Justice Commission	131	113	18
Local Agency Formation Commission	955	844	111
LRA Non Aviation	2,175	--	2,175
Sheriff Court Operations	34,604	34,147	457
Planning and Development Services Department	10,687	8,330	2,357
Probation	103,392	99,220	4,172
Public Defender	33,923	33,872	51
Sheriff-Coroner	284,839	269,901	14,938
Sheriff-Coroner Communications	7,330	6,986	344
Trial Courts	66,083	64,059	2,024
	<u>679,054</u>	<u>636,099</u>	<u>42,955</u>

<u>Expenditure Function/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Public Ways and Facilities			
Public Facilities and Resources Department	\$ 38,072	\$ 33,518	\$ 4,554
	<u>38,072</u>	<u>33,518</u>	<u>4,554</u>
Health and Sanitation			
Health Care Agency	362,941	350,301	12,640
Watershed Management Program	3,194	1,043	2,151
	<u>366,135</u>	<u>351,344</u>	<u>14,791</u>
Public Assistance			
Aid to Families with Dependent Children - Foster Care	103,762	97,881	5,881
Aid to Refugees	575	364	211
California Work Opportunities and Responsibility to Kids	112,965	108,709	4,256
Case Data System	--	(73)	73
Community Services Agency	15,845	16,005	(160)
General Relief	1,367	735	632
Social Services Agency	349,148	309,111	40,037
	<u>583,662</u>	<u>532,732</u>	<u>50,930</u>
Total Current	1,806,339	1,666,863	139,476
Capital Outlay	68,026	19,111	48,915
Debt Service			
Principal Retirement	29,835	29,598	237
Interest	48,613	48,364	249
Total Expenditures/Encumbrances	<u>\$ 1,952,813</u>	<u>\$ 1,763,936</u>	<u>\$ 188,877</u>

This schedule presents the General Fund's fund-agency units by the expenditure function classifications under which they are listed in the County of Orange Final Budget.





SPECIAL REVENUE FUNDS

These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that have either legal or operational requirements to restrict expenditures for specified purposes.

Parking Facilities and Civic Center Authority

This group of funds is used to account for revenue and expenditures related to parking facilities and the Orange County Civic Center Authority. This includes costs to lease parking spaces for County staff, costs and revenue from the Manchester and Hall of Administration lots, interest revenue, and the County's operating and maintenance costs.

Roads

This group of funds is used to account for the maintenance and construction of roadways, and for specialized engineering services to other governmental units and the public. Revenues consist primarily of the County's share of state highway users' taxes and are partially supplemented by federal funds, vehicle code fines and fees, and reimbursements for engineering services provided.

Public Library

This fund is used to account for library services for the unincorporated areas as well as some of the incorporated areas within the County. Property taxes provide most of the fund's revenue; federal and state aid and charges for services provide the remaining revenue.

Redevelopment Agency

This fund is used to account for the annual 20% tax increment set-asides to be used for low and moderate income housing.

Flood Control District

This group of funds is used to account for the planning, construction and operation of flood control and water conservation works, such as dams, basins and trunk channels, and for the retardation, conservation and controlled discharge of storm waters. Revenues consist primarily of property taxes, charges for services, state aid, and federal aid for disasters.

Harbors, Beaches and Parks District

This fund is used to account for the development of aquatic recreational facilities and the acquisition, operation and maintenance of County beaches, inland regional park recreation facilities and community park sites in the unincorporated areas. Revenues consist primarily of property taxes, state aid, and park and recreation fees.

Service Areas, Lighting and Maintenance Districts

This group of funds is used to account for local park and recreation facilities and services, highway lighting, and street sweeping services within unincorporated areas of the County. Property taxes and state grants provide most of these districts' revenues.

Other Environmental Management

This group of funds is used to account for Local Redevelopment Authority (LRA) activities, fees from violations of fish and game laws, usage of various state tidelands held in trust by the County, reimbursements for production of components of the Southern California Association of Governments (SCAG) Regional Comprehensive Plan, registration of off-highway vehicles, and motor vehicle fees levied by the South Coast Air Quality Management District.

Other Public Protection

This group of funds is used to account for certain housing, building and safety, and law enforcement activities. Revenues consist primarily of federal aid and interest.

Community Services

This group of funds is used to account for the Orange County Workforce Investment Act, Welfare-to-Work and Community Social Programs. Revenues consist primarily of federal grants passed through the State.

SPECIAL REVENUE FUNDS (Cont'd)

Designated Special Revenue Funds

These funds are used to account for proceeds from sales of assets (Fund 15R) and fund balance available transferred from the General Fund (Fund 15S), to be utilized for debt reduction, essential operating requirements of other funds, and emergency expenditures.

Restricted Refinancing Proceeds

This fund is used to account for net proceeds remaining after the refinancing of the 1994-95 Teeter Notes with the Teeter Plan Revenue Bonds. Interest earned on this fund was dedicated to payment of interest on the 1994-95 Non-Taxable Tax and Revenue Anticipation Notes, pursuant to the debt rollover agreement approved by the Bankruptcy Court.

Recovery Certificates of Participation

This fund is used to account for the proceeds of the 1996 Recovery Certificates of Participation and other Plan of Adjustment financing sources, and to account for the uses of those proceeds and other sources.

Schedule I County-Administered Accounts and Litigation Proceeds

These funds are used to account for the portion of the 1996 Recovery Certificates of Participation which was used to reimburse certain County-administered accounts for their allocated share of the Orange County Investment Pool loss, in accordance with the County's Modified Second Amended Plan of Adjustment ("Plan of Adjustment"), Exhibit 8 - "Schedule I - County-Administered Accounts." In addition, on February 2, 2000, the Bankruptcy Court ordered a segregation of litigation proceeds to ensure indemnification of the Representative, Tom Hayes, and others pursuant to the plan, to pay future expenses, fees and charges incurred by the Representative, and to pay litigation costs.

Plan of Adjustment Available Cash

This group of funds is used to account for monies set aside, pursuant to the Plan of Adjustment, for specified parties to the 1994 bankruptcy and for County-administered accounts. These monies are then distributed from these funds in accordance with the provisions in the Plan of Adjustment.

Deferred Compensation Reimbursement

This fund is used to account for payments made to the outside contract administrator of the County-offered deferred compensation plan, pursuant to the Deferred Compensation Program Administrative Agreement.

Tobacco Settlement

This group of funds is used to account for tobacco settlement monies allocated to the County from the State of California. The Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories; Approval of the Master Settlement Agreement on behalf of California by the San Diego Superior Court occurred December 1998.

Orange County Housing Authority

This fund is used to account for revenues received from the Federal Government and expenditures related to operation of the Section 8 Rental Assistance Program. This program assists low-income families to obtain decent, safe and sanitary housing through a system of rental subsidies.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2001
(In Thousands)**

ASSETS	<u>Total</u>	<u>Parking Facilities & Civic Center Authority</u>	<u>Roads</u>	<u>Public Library</u>
Pooled Cash/Investments	\$ 515,253	\$ 4,490	\$ 106,338	\$ 4,894
Imprest Cash Funds	174	--	--	53
Restricted Cash and Investments with Trustee	6,683	--	--	--
Investments	3,094	--	--	--
Receivables				
Accounts	4,758	16	101	138
Taxes	4,216	--	--	983
Interest/Dividends	9	--	--	--
Deposits	1,347	--	--	--
Notes	16,480	--	--	--
Loans	1,215	--	--	--
Allowance for Uncollectible Receivables	(54)	--	(44)	(1)
Due from Other Funds	61,013	127	9,506	461
Due from Other Governmental Agencies	9,405	301	3,781	--
Inventory of Materials and Supplies	814	--	110	--
Prepaid Costs	96	--	--	--
Total Assets	\$ 624,503	\$ 4,934	\$ 119,792	\$ 6,528
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 20,969	\$ 426	\$ 3,562	\$ 540
Salaries and Employee Benefits Payable	2,871	2	416	596
Deposits from Others	38,228	1	19,734	3
Monies Held for Others	621	3	--	--
Due to Other Funds	25,861	126	1,416	976
Due to Other Governmental Agencies	3,261	422	116	--
Deferred Revenue	5,542	--	--	384
Total Liabilities	97,353	980	25,244	2,499
Fund Balances				
Reserved				
Encumbrances	74,586	203	9,770	848
Imprest Cash Funds	174	--	--	53
Notes Receivable	3,466	--	--	--
Loans Receivable	1,215	--	--	--
Inventory of Materials and Supplies	814	--	110	--
Prepaid Costs	96	--	--	--
Equipment Replacement	21,245	--	10,144	--
Revitalization Projects	1,767	--	--	--
Low and Moderate Income Housing	10,559	--	--	--
Capital Projects	18,598	--	--	--
Land Purchase	70	--	--	--
OCHA Operations	4,511	--	--	--
Redevelopment Loans	3,267	--	--	--
Loan Program	9,747	--	--	--
Future Road Projects	37,905	--	37,905	--
Cash Flow Loans to Housing and Community Development	2,500	--	--	--
Library Contingencies	1,934	--	--	1,934
General Reserve	17,358	--	--	--
Other Reserves	82	--	--	--
Unreserved				
Undesignated (Deficit)	317,256	3,751	36,619	1,194
Total Fund Balances	527,150	3,954	94,548	4,029
Total Liabilities and Fund Balances	\$ 624,503	\$ 4,934	\$ 119,792	\$ 6,528

Redevelopment Agency	Flood Control District	Harbors, Beaches & Parks District	Service Areas, Lighting & Maintenance Districts
\$ 9,644	\$ 79,253	\$ 43,840	\$ 1,966
--	--	--	--
--	--	--	--
--	--	--	--
--	605	508	--
--	1,842	1,364	27
--	--	--	--
--	1,322	20	--
3,267	--	--	--
--	--	--	--
--	(2)	(3)	--
1,492	2,944	3,854	25
--	430	251	--
--	209	105	--
--	--	--	--
<u>\$ 14,403</u>	<u>\$ 86,603</u>	<u>\$ 49,939</u>	<u>\$ 2,018</u>

ASSETS

Pooled Cash/Investments
Imprest Cash Funds
Restricted Cash and Investments with Trustee
Investments
Receivables
Accounts
Taxes
Interest/Dividends
Deposits
Notes
Loans
Allowance for Uncollectible Receivables
Due from Other Funds
Due from Other Governmental Agencies
Inventory of Materials and Supplies
Prepaid Costs
Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
Accounts Payable
Salaries and Employee Benefits Payable
Deposits from Others
Monies Held for Others
Due to Other Funds
Due to Other Governmental Agencies
Deferred Revenue
Total Liabilities

Fund Balances
Reserved
Encumbrances
Imprest Cash Funds
Notes Receivable
Loans Receivable
Inventory of Materials and Supplies
Prepaid Costs
Equipment Replacement
Revitalization Projects
Low and Moderate Income Housing
Capital Projects
Land Purchase
OCHA Operations
Redevelopment Loans
Loan Program
Future Road Projects
Cash Flow Loans to Housing and Community Development
Library Contingencies
General Reserve
Other Reserves
Unreserved
Undesignated (Deficit)
Total Fund Balances
Total Liabilities and Fund Balances

(Continued)

**COUNTY OF ORANGE
COMBINING BALANCE SHEET (Cont'd)
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2001
(In Thousands)**

	Other Environmental Management	Other Public Protection	Community Services	Designated Special Revenue Funds
ASSETS				
Pooled Cash/Investments	\$ 9,488	\$ 76,247	\$ 15,556	\$ 116,631
Imprest Cash Funds	8	113	--	--
Restricted Cash and Investments with Trustee	--	5,914	--	--
Investments	--	3,094	--	--
Receivables				
Accounts	1,326	1,998	2	--
Taxes	--	--	--	--
Interest/Dividends	--	9	--	--
Deposits	--	5	--	--
Notes	234	1,113	--	2,119
Loans	1,215	--	--	--
Allowance for Uncollectible Receivables	(1)	(1)	(2)	--
Due from Other Funds	2,742	26,131	219	2,961
Due from Other Governmental Agencies	959	1,750	1,709	--
Inventory of Materials and Supplies	10	380	--	--
Prepaid Costs	--	96	--	--
Total Assets	<u>\$ 15,981</u>	<u>\$ 116,849</u>	<u>\$ 17,484</u>	<u>\$ 121,711</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 5,124	\$ 4,828	\$ 29	\$ --
Salaries and Employee Benefits Payable	51	710	--	--
Deposits from Others	1,096	4,700	--	--
Monies Held for Others	--	618	--	--
Due to Other Funds	4,023	8,422	539	1,640
Due to Other Governmental Agencies	73	1,381	1,239	--
Deferred Revenue	344	1,145	--	2,119
Total Liabilities	<u>10,711</u>	<u>21,804</u>	<u>1,807</u>	<u>3,759</u>
Fund Balances				
Reserved				
Encumbrances	4,860	13,040	7,099	--
Imprest Cash Funds	8	113	--	--
Notes Receivable	234	1,113	--	2,119
Loans Receivable	1,215	--	--	--
Inventory of Materials and Supplies	10	380	--	--
Prepaid Costs	--	96	--	--
Equipment Replacement	--	720	--	--
Revitalization Projects	1,767	--	--	--
Low and Moderate Income Housing	--	--	--	--
Capital Projects	--	--	--	--
Land Purchase	--	--	--	--
OCHA Operations	--	--	--	--
Redevelopment Loans	--	--	--	--
Loan Program	--	--	--	--
Future Road Projects	--	--	--	--
Cash Flow Loans to Housing and Community Development	--	--	--	2,500
Library Contingencies	--	--	--	--
General Reserve	1,088	--	--	--
Other Reserves	--	82	--	--
Unreserved				
Undesignated (Deficit)	(3,912)	79,501	8,578	113,333
Total Fund Balances	<u>5,270</u>	<u>95,045</u>	<u>15,677</u>	<u>117,952</u>
Total Liabilities and Fund Balances	<u>\$ 15,981</u>	<u>\$ 116,849</u>	<u>\$ 17,484</u>	<u>\$ 121,711</u>

Restricted Refinancing Proceeds	Recovery Certificates of Participation	Schedule I County- Administered Accounts and Litigation Proceeds	Plan of Adjustment Available Cash
\$ 1,168	\$ 6,330	\$ 4,256	\$ 407
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	--	--	--
--	83	56	9,907
--	--	--	--
--	--	--	--
--	--	--	--
<u>\$ 1,168</u>	<u>\$ 6,413</u>	<u>\$ 4,312</u>	<u>\$ 10,314</u>

ASSETS

Pooled Cash/Investments	
Imprest Cash Funds	
Restricted Cash and Investments with Trustee	
Investments	
Receivables	
Accounts	
Taxes	
Interest/Dividends	
Deposits	
Notes	
Loans	
Allowance for Uncollectible Receivables	
Due from Other Funds	
Due from Other Governmental Agencies	
Inventory of Materials and Supplies	
Prepaid Costs	
Total Assets	

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts Payable	
Salaries and Employee Benefits Payable	
Deposits from Others	
Monies Held for Others	
Due to Other Funds	
Due to Other Governmental Agencies	
Deferred Revenue	
Total Liabilities	

Fund Balances	
Reserved	
Encumbrances	
Imprest Cash Funds	
Notes Receivable	
Loans Receivable	
Inventory of Materials and Supplies	
Prepaid Costs	
Equipment Replacement	
Revitalization Projects	
Low and Moderate Income Housing	
Capital Projects	
Land Purchase	
OCHA Operations	
Redevelopment Loans	
Loan Program	
Future Road Projects	
Cash Flow Loans to Housing	
and Community Development	
Library Contingencies	
General Reserve	
Other Reserves	
Unreserved	
Undesignated (Deficit)	
Total Fund Balances	

Total Liabilities
and Fund Balances

(Continued)

COUNTY OF ORANGE
COMBINING BALANCE SHEET (Cont'd)
ALL SPECIAL REVENUE FUNDS
JUNE 30, 2001
(In Thousands)

	Deferred Compensation Reimbursement	Tobacco Settlement	Orange County Housing Authority
ASSETS			
Pooled Cash/Investments	\$ 7,613	\$ 15,515	\$ 11,617
Imprest Cash Funds	--	--	--
Restricted Cash and Investments with Trustee	--	--	769
Investments	--	--	--
Receivables			
Accounts	--	--	64
Taxes	--	--	--
Interest/Dividends	--	--	--
Deposits	--	--	--
Notes	--	--	9,747
Loans	--	--	--
Allowance for Uncollectible Receivables	--	--	--
Due from Other Funds	100	252	153
Due from Other Governmental Agencies	--	--	224
Inventory of Materials and Supplies	--	--	--
Prepaid Costs	--	--	--
Total Assets	\$ 7,713	\$ 15,767	\$ 22,574
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 49	\$ --	\$ 1,202
Salaries and Employee Benefits Payable	--	--	147
Deposits from Others	--	--	835
Monies Held for Others	--	--	--
Due to Other Funds	1	5,201	1
Due to Other Governmental Agencies	--	--	--
Deferred Revenue	--	--	--
Total Liabilities	50	5,201	2,185
Fund Balances			
Reserved			
Encumbrances	13	--	135
Imprest Cash Funds	--	--	--
Notes Receivable	--	--	--
Loans Receivable	--	--	--
Inventory of Materials and Supplies	--	--	--
Prepaid Costs	--	--	--
Equipment Replacement	--	--	--
Revitalization Projects	--	--	--
Low and Moderate Income Housing	--	--	--
Capital Projects	--	--	--
Land Purchase	--	--	--
OCHA Operations	--	--	4,511
Redevelopment Loans	--	--	--
Loan Program	--	--	9,747
Future Road Projects	--	--	--
Cash Flow Loans to Housing and Community Development	--	--	--
Library Contingencies	--	--	--
General Reserve	--	--	--
Other Reserves	--	--	--
Unreserved			
Undesignated (Deficit)	7,650	10,566	5,996
Total Fund Balances	7,663	10,566	20,389
Total Liabilities and Fund Balances	\$ 7,713	\$ 15,767	\$ 22,574



COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Total	Parking Facilities & Civic Center Authority	Roads	Public Library
Revenues				
Taxes	\$ 86,356	\$ 13	\$ --	\$ 20,537
Licenses, Permits, and Franchises	5,619	--	316	--
Fines, Forfeitures and Penalties	3,598	--	10	1
Use of Money and Property	56,793	5,502	6,179	318
Intergovernmental Revenues	177,339	1,202	28,271	3,640
Charges for Services	31,704	210	8,424	1,161
Other Revenues	21,022	38	8,557	327
Total Revenues	382,431	6,965	51,757	25,984
Expenditures				
Current				
General Government	45,405	--	--	--
Public Protection	87,519	--	--	--
Public Ways and Facilities	35,601	5,293	30,308	--
Public Assistance	69,196	--	--	--
Education	23,919	--	--	23,919
Recreation and Cultural Services	50,227	--	--	--
Capital Outlay	34,246	36	8,230	46
Debt Service				
Principal Retirement	1,907	--	--	225
Interest	1,215	--	--	497
Total Expenditures	349,235	5,329	38,538	24,687
Excess (Deficit) of Revenues Over Expenditures	33,196	1,636	13,219	1,297
Other Financing Sources (Uses)				
Operating Transfers In	75,636	3,201	1,187	465
Operating Transfers Out	(67,213)	(4,089)	(488)	(878)
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	41,619	748	13,918	884
Fund Balances - Beginning of Year	493,062	3,206	86,090	3,145
Adjustment Due to Change in Accounting Principle	(1,606)	--	--	--
Fund Balances - Beginning of Year, as Restated	491,456	3,206	86,090	3,145
Residual Equity Transfers From Other Funds	20,723	--	--	--
Residual Equity Transfers To Other Funds	(26,648)	--	(5,460)	--
Fund Balances - End of Year	\$ 527,150	\$ 3,954	\$ 94,548	\$ 4,029

Redevelopment Agency	Flood Control District	Harbors, Beaches & Parks District	Service Areas, Lighting & Maintenance Districts	
\$ --	\$ 37,404	\$ 27,841	\$ 561	Revenues
--	161	233	--	Taxes
--	2	7	--	Licenses, Permits, and Franchises
571	5,196	6,459	134	Fines, Forfeitures and Penalties
--	5,958	2,582	20	Use of Money and Property
--	8,841	5,209	3	Intergovernmental Revenues
66	1,888	2,889	6	Charges for Services
637	59,450	45,220	724	Other Revenues
				Total Revenues
				Expenditures
--	--	--	--	Current
--	33,384	--	--	General Government
--	--	--	--	Public Protection
52	--	--	--	Public Ways and Facilities
--	--	--	--	Public Assistance
--	--	41,135	210	Education
--	10,486	4,446	--	Recreation and Cultural Services
--	--	--	--	Capital Outlay
--	--	--	--	Debt Service
--	--	--	--	Principal Retirement
52	43,870	45,581	210	Interest
				Total Expenditures
585	15,580	(361)	514	Excess (Deficit) of Revenues Over Expenditures
				Other Financing Sources (Uses)
2,819	--	1,918	--	Operating Transfers In
(1,755)	(780)	(1,227)	--	Operating Transfers Out
				Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses
1,649	14,800	330	514	
12,180	64,618	35,065	1,472	Fund Balances - Beginning of Year
--	(549)	(56)	--	Adjustment Due to Change in Accounting Principle
12,180	64,069	35,009	1,472	Fund Balances - Beginning of Year, as Restated
--	--	--	--	Residual Equity Transfers From Other Funds
--	--	--	--	Residual Equity Transfers To Other Funds
\$ 13,829	\$ 78,869	\$ 35,339	\$ 1,986	Fund Balances - End of Year

(Continued)

COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Cont'd)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Other Environmental Management	Other Public Protection	Community Services	Designated Special Revenue Funds
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	29	4,880	--	--
Fines, Forfeitures and Penalties	26	3,552	--	--
Use of Money and Property	15,569	10,742	986	2,333
Intergovernmental Revenues	1,617	38,589	11,781	--
Charges for Services	1,160	6,696	--	--
Other Revenues	311	6,232	11	176
Total Revenues	<u>18,712</u>	<u>70,691</u>	<u>12,778</u>	<u>2,509</u>
Expenditures				
Current				
General Government	16,324	14,435	--	1,015
Public Protection	400	53,735	--	--
Public Ways and Facilities	--	--	--	--
Public Assistance	--	(50)	11,962	--
Education	--	--	--	--
Recreation and Cultural Services	8,882	--	--	--
Capital Outlay	--	10,819	183	--
Debt Service				
Principal Retirement	--	1,682	--	--
Interest	24	694	--	--
Total Expenditures	<u>25,630</u>	<u>81,315</u>	<u>12,145</u>	<u>1,015</u>
Excess (Deficit) of Revenues Over Expenditures	(6,918)	(10,624)	633	1,494
Other Financing Sources (Uses)				
Operating Transfers In	8,818	27,632	6,375	12,207
Operating Transfers Out	(2,132)	(18,782)	(41)	(15,522)
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(232)	(1,774)	6,967	(1,821)
Fund Balances - Beginning of Year	5,817	118,646	8,757	119,773
Adjustment Due to Change in Accounting Principle	(315)	(639)	(47)	--
Fund Balances - Beginning of Year, as Restated	5,502	118,007	8,710	119,773
Residual Equity Transfers From Other Funds	--	--	--	--
Residual Equity Transfers To Other Funds	--	(21,188)	--	--
Fund Balances - End of Year	<u>\$ 5,270</u>	<u>\$ 95,045</u>	<u>\$ 15,677</u>	<u>\$ 117,952</u>

Restricted Refinancing Proceeds	Recovery Certificates of Participation	Schedule I County- Administered Accounts and Litigation Proceeds	Plan of Adjustment Available Cash	
\$ --	\$ --	\$ --	\$ --	Revenues
--	--	--	--	Taxes
--	--	--	--	Licenses, Permits, and Franchises
--	444	362	151	Fines, Forfeitures and Penalties
--	--	--	--	Use of Money and Property
--	--	--	--	Intergovernmental Revenues
--	--	--	--	Charges for Services
355	--	--	--	Other Revenues
<u>355</u>	<u>444</u>	<u>362</u>	<u>151</u>	Total Revenues
				Expenditures
				Current
--	7	7	13,177	General Government
--	--	--	--	Public Protection
--	--	--	--	Public Ways and Facilities
--	--	--	--	Public Assistance
--	--	--	--	Education
--	--	--	--	Recreation and Cultural Services
--	--	--	--	Capital Outlay
--	--	--	--	Debt Service
--	--	--	--	Principal Retirement
--	--	--	--	Interest
<u>--</u>	<u>7</u>	<u>7</u>	<u>13,177</u>	Total Expenditures
355	437	355	(13,026)	Excess (Deficit) of Revenues Over Expenditures
--	--	--	11,014	Other Financing Sources (Uses)
(231)	(1,300)	(2,209)	--	Operating Transfers In
				Operating Transfers Out
124	(863)	(1,854)	(2,012)	Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses
1,044	7,275	6,166	12,154	Fund Balances - Beginning of Year
--	--	--	--	Adjustment Due to Change in Accounting Principle
<u>1,044</u>	<u>7,275</u>	<u>6,166</u>	<u>12,154</u>	Fund Balances - Beginning of Year, as Restated
--	--	--	--	Residual Equity Transfers From Other Funds
--	--	--	--	Residual Equity Transfers To Other Funds
<u>\$ 1,168</u>	<u>\$ 6,412</u>	<u>\$ 4,312</u>	<u>\$ 10,142</u>	Fund Balances - End of Year

(Continued)

COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Cont'd)
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Deferred Compensation Reimbursement	Tobacco Settlement	Orange County Housing Authority
Revenues			
Taxes	\$ --	\$ --	\$ --
Licenses, Permits, and Franchises	--	--	--
Fines, Forfeitures and Penalties	--	--	--
Use of Money and Property	471	393	983
Intergovernmental Revenues	--	27,930	55,749
Charges for Services	--	--	--
Other Revenues	--	--	166
Total Revenues	<u>471</u>	<u>28,323</u>	<u>56,898</u>
Expenditures			
Current			
General Government	352	88	--
Public Protection	--	--	--
Public Ways and Facilities	--	--	--
Public Assistance	--	--	57,232
Education	--	--	--
Recreation and Cultural Services	--	--	--
Capital Outlay	--	--	--
Debt Service			
Principal Retirement	--	--	--
Interest	--	--	--
Total Expenditures	<u>352</u>	<u>88</u>	<u>57,232</u>
Excess (Deficit) of Revenues Over Expenditures	119	28,235	(334)
Other Financing Sources (Uses)			
Operating Transfers In	--	--	--
Operating Transfers Out	--	(17,779)	--
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	119	10,456	(334)
Fund Balances - Beginning of Year	7,544	110	--
Adjustment Due to Change in Accounting Principle	--	--	--
Fund Balances - Beginning of Year, as Restated	<u>7,544</u>	<u>110</u>	<u>--</u>
Residual Equity Transfers From Other Funds	--	--	20,723
Residual Equity Transfers To Other Funds	--	--	--
Fund Balances - End of Year	<u>\$ 7,663</u>	<u>\$ 10,566</u>	<u>\$ 20,389</u>



COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Parking Facilities and Civic Center Authority			
Parking Facilities Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 4,650	\$ 5,337	\$ 687
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>5,266</u>	<u>4,421</u>	<u>845</u>
Excess (Deficit)	<u>(616)</u>	<u>916</u>	<u>1,532</u>
Roads			
Road Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	74,945	50,203	(24,742)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>86,610</u>	<u>36,626</u>	<u>49,984</u>
Excess (Deficit)	<u>(11,665)</u>	<u>13,577</u>	<u>25,242</u>
Foothill Circulation Phasing Plan Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	8,235	1,326	(6,909)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>4,969</u>	<u>1,355</u>	<u>3,614</u>
Excess (Deficit)	<u>3,266</u>	<u>(29)</u>	<u>(3,295)</u>
Public Library			
Public Library Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	26,225	26,416	191
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>26,428</u>	<u>25,774</u>	<u>654</u>
Excess (Deficit)	<u>(203)</u>	<u>642</u>	<u>845</u>
Redevelopment Agency			
Orange County Development Agency-Low and Moderate Income Housing (Santa Ana Heights) Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,175	3,457	2,282
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,038</u>	<u>1,784</u>	<u>8,254</u>
Excess (Deficit)	<u>(8,863)</u>	<u>1,673</u>	<u>10,536</u>
Flood Control District			
Flood Control District Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	61,236	60,476	(760)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>84,229</u>	<u>61,159</u>	<u>23,070</u>
Deficit	<u>(22,993)</u>	<u>(683)</u>	<u>22,310</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Flood Control District (Cont'd)			
Santa Ana River Environmental Enhancement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 12	\$ 16	\$ 4
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>212</u>	<u>2</u>	<u>210</u>
Excess (Deficit)	<u>(200)</u>	<u>14</u>	<u>214</u>
Harbors, Beaches and Parks District			
Harbors, Beaches and Parks County Service Area No. 26 Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	49,581	47,154	(2,427)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>55,500</u>	<u>46,427</u>	<u>9,073</u>
Excess (Deficit)	<u>(5,919)</u>	<u>727</u>	<u>6,646</u>
Service Areas, Lighting and Maintenance Districts			
County Service Area No. 4 - Leisure World Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	281	357	76
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>747</u>	<u>93</u>	<u>654</u>
Excess (Deficit)	<u>(466)</u>	<u>264</u>	<u>730</u>
North Tustin Landscaping and Lighting Assessment District Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	283	338	55
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>751</u>	<u>111</u>	<u>640</u>
Excess (Deficit)	<u>(468)</u>	<u>227</u>	<u>695</u>
County Service Area No. 13 - La Mirada Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6	3	(3)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>12</u>	<u>4</u>	<u>8</u>
Deficit	<u>(6)</u>	<u>(1)</u>	<u>5</u>
County Service Area No. 20 - La Habra Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	9	10	1
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>7</u>	<u>--</u>	<u>7</u>
Excess	<u>2</u>	<u>10</u>	<u>8</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Service Areas, Lighting and Maintenance Districts (Cont'd)			
County Service Area No. 22 - East Yorba Linda Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 32	\$ 15	\$ (17)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>48</u>	<u>39</u>	<u>9</u>
Deficit	<u>(16)</u>	<u>(24)</u>	<u>(8)</u>
Other Environmental Management			
County Tidelands - Newport Bay Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2,828	2,828	--
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,838</u>	<u>2,819</u>	<u>19</u>
Excess (Deficit)	<u>(10)</u>	<u>9</u>	<u>19</u>
County Tidelands - Dana Point Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	11,252	8,716	(2,536)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,038</u>	<u>7,560</u>	<u>2,478</u>
Excess	<u>1,214</u>	<u>1,156</u>	<u>(58)</u>
Fish and Game Propagation Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	23	32	9
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>148</u>	<u>117</u>	<u>31</u>
Deficit	<u>(125)</u>	<u>(85)</u>	<u>40</u>
Southern California Association of Governments Subregional Plan Development Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	--	1	1
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2</u>	<u>2</u>	<u>--</u>
Deficit	<u>(2)</u>	<u>(1)</u>	<u>1</u>
Survey Monument Preservation Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	86	73	(13)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>152</u>	<u>105</u>	<u>47</u>
Deficit	<u>(66)</u>	<u>(32)</u>	<u>34</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Environmental Management (Cont'd)			
Off-Highway Vehicle Fees Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 88	\$ 85	\$ (3)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>487</u>	<u>384</u>	<u>103</u>
Deficit	<u>(399)</u>	<u>(299)</u>	<u>100</u>
Local Redevelopment Authority Operations Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	8,843	8,542	(301)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>8,843</u>	<u>8,036</u>	<u>807</u>
Excess	<u>--</u>	<u>506</u>	<u>506</u>
Real Estate Development Program Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	126	152	26
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>234</u>	<u>220</u>	<u>14</u>
Deficit	<u>(108)</u>	<u>(68)</u>	<u>40</u>
Local Redevelopment Authority Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	10,446	6,651	(3,795)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,446</u>	<u>10,345</u>	<u>101</u>
Deficit	<u>--</u>	<u>(3,694)</u>	<u>(3,694)</u>
Air Quality Improvement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	177	142	(35)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>520</u>	<u>275</u>	<u>245</u>
Deficit	<u>(343)</u>	<u>(133)</u>	<u>210</u>
Other Public Protection			
Orange County Pro-Active Methamphetamine Laboratory Investigation Team Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,253	543	(710)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,845</u>	<u>1,468</u>	<u>377</u>
Deficit	<u>(592)</u>	<u>(925)</u>	<u>(333)</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Public Protection (Cont'd)			
Remittance Processing Equipment Replacement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 225	\$ 272	\$ 47
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>338</u>	<u>2</u>	<u>336</u>
Excess (Deficit)	<u>(113)</u>	<u>270</u>	<u>383</u>
County Automated Fingerprint Identification Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	803	971	168
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,485</u>	<u>487</u>	<u>998</u>
Excess (Deficit)	<u>(682)</u>	<u>484</u>	<u>1,166</u>
Building and Safety Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	11,059	10,738	(321)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>23,164</u>	<u>15,941</u>	<u>7,223</u>
Deficit	<u>(12,105)</u>	<u>(5,203)</u>	<u>6,902</u>
Narcotic Forfeiture and Seizure Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	260	445	185
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,028</u>	<u>336</u>	<u>1,692</u>
Excess (Deficit)	<u>(1,768)</u>	<u>109</u>	<u>1,877</u>
Sheriff - Regional Narcotics Suppression Program Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,500	2,439	939
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>4,227</u>	<u>2,310</u>	<u>1,917</u>
Excess (Deficit)	<u>(2,727)</u>	<u>129</u>	<u>2,856</u>
Motor Vehicle Theft Task Force Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2,370	2,416	46
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,668</u>	<u>2,537</u>	<u>1,131</u>
Deficit	<u>(1,298)</u>	<u>(121)</u>	<u>1,177</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Public Protection (Cont'd)			
Traffic Violator Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 637	\$ 731	\$ 94
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>637</u>	<u>145</u>	<u>492</u>
Excess	<u>--</u>	<u>586</u>	<u>586</u>
Childrens' Waiting Room Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	297	305	8
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>297</u>	<u>147</u>	<u>150</u>
Excess	<u>--</u>	<u>158</u>	<u>158</u>
Sheriff Narcotics Program Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	527	424	(103)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,228</u>	<u>1,039</u>	<u>1,189</u>
Deficit	<u>(1,701)</u>	<u>(615)</u>	<u>1,086</u>
Orange County Jail Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,739	2,019	280
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,527</u>	<u>1,289</u>	<u>2,238</u>
Excess (Deficit)	<u>(1,788)</u>	<u>730</u>	<u>2,518</u>
Contract Cities Shared Forfeitures Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	18	4	(14)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>17</u>	<u>2</u>	<u>15</u>
Excess	<u>1</u>	<u>2</u>	<u>1</u>
County Public Safety Sales Tax Excess Revenues Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	4,263	27,874	23,611
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>40,975</u>	<u>14,686</u>	<u>26,289</u>
Excess (Deficit)	<u>(36,712)</u>	<u>13,188</u>	<u>49,900</u>
California Automated Fingerprint Identification Operational Costs Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	8	11	3
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>174</u>	<u>--</u>	<u>174</u>
Excess (Deficit)	<u>(166)</u>	<u>11</u>	<u>177</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Public Protection (Cont'd)			
California Automated Fingerprint Identification Systems Costs Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 1,995	\$ 2,070	\$ 75
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>4,116</u>	<u>1,619</u>	<u>2,497</u>
Excess (Deficit)	<u>(2,121)</u>	<u>451</u>	<u>2,572</u>
Sheriff's Supplemental Law Enforcement Services Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,483	1,421	(62)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,591</u>	<u>1,451</u>	<u>140</u>
Deficit	<u>(108)</u>	<u>(30)</u>	<u>78</u>
District Attorney's Supplemental Law Enforcement Services Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,079	1,082	3
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,096</u>	<u>1,084</u>	<u>12</u>
Deficit	<u>(17)</u>	<u>(2)</u>	<u>15</u>
Project: No Gangs Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2	--	(2)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3</u>	<u>2</u>	<u>1</u>
Deficit	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>
Probate Court Imaging System Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	8	2	(6)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>48</u>	<u>42</u>	<u>6</u>
Deficit	<u>(40)</u>	<u>(40)</u>	<u>--</u>
Local Law Enforcement Block Grant Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	183	315	132
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>208</u>	<u>105</u>	<u>103</u>
Excess (Deficit)	<u>(25)</u>	<u>210</u>	<u>235</u>
Superior Court Integrated Court Management System, Phase III Acquisition Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,665	1,610	(55)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,863</u>	<u>2,933</u>	<u>930</u>
Deficit	<u>(2,198)</u>	<u>(1,323)</u>	<u>875</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Public Protection (Cont'd)			
Ward Welfare Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 950	\$ 783	\$ (167)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>927</u>	<u>769</u>	<u>158</u>
Excess	<u>23</u>	<u>14</u>	<u>(9)</u>
Court Facilities Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	960	1,238	278
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,001</u>	<u>1,172</u>	<u>1,829</u>
Excess (Deficit)	<u>(2,041)</u>	<u>66</u>	<u>2,107</u>
Sheriff's Substations Fee Program Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	3,139	124	(3,015)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,091</u>	<u>2</u>	<u>3,089</u>
Excess	<u>48</u>	<u>122</u>	<u>74</u>
Jail Commissary Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	5,052	4,770	(282)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>5,143</u>	<u>4,379</u>	<u>764</u>
Excess (Deficit)	<u>(91)</u>	<u>391</u>	<u>482</u>
Inmate Welfare Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	4,690	4,920	230
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>12,451</u>	<u>5,189</u>	<u>7,262</u>
Deficit	<u>(7,761)</u>	<u>(269)</u>	<u>7,492</u>
County Executive Office - Single Family Housing Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	230	747	517
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>6,758</u>	<u>8</u>	<u>6,750</u>
Excess (Deficit)	<u>(6,528)</u>	<u>739</u>	<u>7,267</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Other Public Protection (Cont'd)			
Housing and Community Development Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 54,541	\$ 14,831	\$ (39,710)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>47,496</u>	<u>19,737</u>	<u>27,759</u>
Excess (Deficit)	<u>7,045</u>	<u>(4,906)</u>	<u>(11,951)</u>
800 MHz County-Wide Coordinated Communications System Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	36,713	17,047	(19,666)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>45,825</u>	<u>24,642</u>	<u>21,183</u>
Deficit	<u>(9,112)</u>	<u>(7,595)</u>	<u>1,517</u>
County Jail Facilities - Operations and Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	26	24	(2)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>426</u>	<u>423</u>	<u>3</u>
Deficit	<u>(400)</u>	<u>(399)</u>	<u>1</u>
Delta Special Revenue Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	57	35	(22)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>54</u>	<u>42</u>	<u>12</u>
Excess (Deficit)	<u>3</u>	<u>(7)</u>	<u>(10)</u>
Superior Court Integrated Court Management System, Phase II Acquisition Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	30	21	(9)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>439</u>	<u>423</u>	<u>16</u>
Deficit	<u>(409)</u>	<u>(402)</u>	<u>7</u>
Community Services			
Orange County Job Training Partnership Act (JTPA) Program Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	3,376	1,332	(2,044)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>740</u>	<u>415</u>	<u>325</u>
Excess	<u>2,636</u>	<u>917</u>	<u>(1,719)</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Community Services (Cont'd)			
Community Social Programs Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 390	\$ 414	\$ 24
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>693</u>	<u>320</u>	<u>373</u>
Excess (Deficit)	<u>(303)</u>	<u>94</u>	<u>397</u>
Shelter Care Facilities Development and Maintenance Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6,414	6,931	517
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>14,267</u>	<u>618</u>	<u>13,649</u>
Excess (Deficit)	<u>(7,853)</u>	<u>6,313</u>	<u>14,166</u>
Welfare to Work Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6,666	2,111	(4,555)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>5,379</u>	<u>4,539</u>	<u>840</u>
Excess (Deficit)	<u>1,287</u>	<u>(2,428)</u>	<u>(3,715)</u>
Workforce Investment Act Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	15,286	8,317	(6,969)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>15,286</u>	<u>11,904</u>	<u>3,382</u>
Deficit	<u>--</u>	<u>(3,587)</u>	<u>(3,587)</u>
Designated Special Revenue Funds			
Debt Prepayment Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	14,067	14,243	176
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>42,302</u>	<u>1,010</u>	<u>41,292</u>
Excess (Deficit)	<u>(28,235)</u>	<u>13,233</u>	<u>41,468</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Designated Special Revenue Funds (Cont'd)			
Debt Reduction/Future Essential Operating Requirement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 1,473	\$ 472	\$ (1,001)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,569</u>	<u>1,551</u>	<u>1,018</u>
Deficit	<u>(1,096)</u>	<u>(1,079)</u>	<u>17</u>
Designated Special Revenue Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	--	--	--
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>87,942</u>	<u>13,976</u>	<u>73,966</u>
Deficit	<u>(87,942)</u>	<u>(13,976)</u>	<u>73,966</u>
Restricted Refinancing Proceeds			
Restricted Refinancing Proceeds Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	--	231	231
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,044</u>	<u>231</u>	<u>813</u>
Deficit	<u>(1,044)</u>	<u>--</u>	<u>1,044</u>
Recovery Certificates of Participation			
1996 Recovery Certificates of Participation, Series A Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	300	444	144
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>7,575</u>	<u>1,307</u>	<u>6,268</u>
Deficit	<u>(7,275)</u>	<u>(863)</u>	<u>6,412</u>
Schedule I County-Administered Accounts and Litigation Proceeds			
Litigation Reserve - Escrow AG FTCl Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	8	10	2
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>171</u>	<u>--</u>	<u>171</u>
Excess (Deficit)	<u>(163)</u>	<u>10</u>	<u>173</u>
Indemnification Reserve Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	51	64	13
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,061</u>	<u>1</u>	<u>1,060</u>
Excess (Deficit)	<u>(1,010)</u>	<u>63</u>	<u>1,073</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Schedule I County-Administered Accounts and Litigation Proceeds (Cont'd)			
Litigation Reserve Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 101	\$ 183	\$ 82
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,987</u>	<u>4</u>	<u>2,983</u>
Excess (Deficit)	<u>(2,886)</u>	<u>179</u>	<u>3,065</u>
Schedule I County-Administered Accounts Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	105	105	--
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,211</u>	<u>2,211</u>	<u>--</u>
Deficit	<u>(2,106)</u>	<u>(2,106)</u>	<u>--</u>
Plan of Adjustment Available Cash			
Option B Pool Participant Registered Warrants Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,113	1,114	1
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers to Other Funds	<u>1,122</u>	<u>1,112</u>	<u>10</u>
Excess (Deficit)	<u>(9)</u>	<u>2</u>	<u>11</u>
Class B-27 Registered Warrants Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2,000	--	(2,000)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers to Other Funds	<u>2,002</u>	<u>--</u>	<u>2,002</u>
Deficit	<u>(2)</u>	<u>--</u>	<u>2</u>
Recovery Plan of Adjustment Available Cash Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	13,326	10,052	(3,274)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers to Other Funds	<u>25,469</u>	<u>12,065</u>	<u>13,404</u>
Deficit	<u>(12,143)</u>	<u>(2,013)</u>	<u>10,130</u>
Deferred Compensation Reimbursement			
Deferred Compensation Reimbursement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	376	471	95
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers to Other Funds	<u>7,865</u>	<u>310</u>	<u>7,555</u>
Excess (Deficit)	<u>(7,489)</u>	<u>161</u>	<u>7,650</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Tobacco Settlement			
Tobacco Settlement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 35,273	\$ 28,323	\$ (6,950)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers to Other Funds	<u>35,383</u>	<u>17,867</u>	<u>17,516</u>
Excess (Deficit)	<u>(110)</u>	<u>10,456</u>	<u>10,566</u>
Orange County Housing Authority			
Orange County Housing Authority - Operating Reserves Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	931	1,076	145
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>7,627</u>	<u>705</u>	<u>6,922</u>
Excess (Deficit)	<u>(6,696)</u>	<u>371</u>	<u>7,067</u>
Total - All Special Revenue Fund-Agency Units			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	499,557	398,455	(101,102)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>793,366</u>	<u>382,215</u>	<u>411,151</u>
Excess (Deficit)	<u>\$ (293,809)</u>	<u>\$ 16,240</u>	<u>\$ 310,049</u>

DEBT SERVICE FUNDS

These funds are used to account for the accumulation and disbursement of taxes and other revenues for the periodic payment of principal and interest on general long-term debt which includes general obligation, revenue, and demand bond issues.

Redevelopment Agency Bonds

This group of funds is used to account for Orange County Development Agency Revenue Bonds.

Public Facilities Corporation Bonds, Master Lease

This fund is used to account for Orange County Public Facilities Corporation Revenue Bonds (governmental fund type components only) and for Master Lease Obligations.

General Obligation, Other Revenue Bonds

This group of funds is comprised of the Flood Control District General Obligation Bond fund and the Orange County Civic Center Authority State Building Bond fund. The Flood Control District Bonds have been paid off, but the debt service fund remains open pending determination of disposition of residual fund balances.

Pension Obligation Bonds

This fund is used to account for the debt service expenditures for the Orange County Taxable Pension Obligation Bonds.

Refunding Recovery Bonds

This fund is used to account for the debt service and other transactions handled by the trustee bank for the Orange County Refunding Recovery Bonds.

Orange County Special Financing Authority

This fund is used to account for debt service and other transactions handled by the trustee bank for the Orange County Special Financing Authority, which issued the Teeter Plan Revenue Bonds.

Recovery Certificates of Participation

This fund is used to account for the annual debt service transactions for the 1996 Recovery Certificates of Participation, which are handled by a trustee bank.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL DEBT SERVICE FUNDS
JUNE 30, 2001
(In Thousands)**

	<u>Total</u>	<u>Redevelopment Agency Bonds</u>	<u>Public Facilities Corporation Bonds, Master Lease</u>	<u>General Obligation, Other Revenue Bonds</u>
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 11,802	\$ 11,295	\$ 80	\$ --
Restricted Cash and Investments with Trustee	464,521	4,253	15,422	466
Receivables				
Taxes	27,725	737	--	--
Leases	353	--	--	353
Due from Other Funds	751	735	1	--
Total Assets	<u>\$ 505,152</u>	<u>\$ 17,020</u>	<u>\$ 15,503</u>	<u>\$ 819</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ 265	\$ --	\$ --	\$ --
Due to Other Funds	1,731	1,729	--	--
Due to Other Governmental Agencies	1,391	1,391	--	--
Deferred Revenue	<u>8,029</u>	<u>256</u>	<u>--</u>	<u>353</u>
Total Liabilities	<u>11,416</u>	<u>3,376</u>	<u>--</u>	<u>353</u>
Fund Balances				
Reserved				
Debt Service	475,552	13,644	15,503	330
Long-Term Receivables	16,454	--	--	--
Unreserved				
Undesignated	<u>1,730</u>	<u>--</u>	<u>--</u>	<u>136</u>
Total Fund Balances	<u>493,736</u>	<u>13,644</u>	<u>15,503</u>	<u>466</u>
Total Liabilities and Fund Balances	<u>\$ 505,152</u>	<u>\$ 17,020</u>	<u>\$ 15,503</u>	<u>\$ 819</u>

Pension Obligation Bonds	Refunding Recovery Bonds	Orange County Special Financing Authority	Recovery Certificates of Participation	
\$ 427	\$ --	\$ --	\$ --	ASSETS
176,234	29,110	123,970	115,066	Pooled Cash/Investments
--	--	26,988	--	Restricted Cash and Investments with Trustee
--	--	--	--	Receivables
15	--	--	--	Taxes
<u>\$ 176,676</u>	<u>\$ 29,110</u>	<u>\$ 150,958</u>	<u>\$ 115,066</u>	Leases
				Due from Other Funds
				Total Assets
				LIABILITIES AND FUND BALANCES
\$ --	\$ --	\$ 265	\$ --	Liabilities
2	--	--	--	Accounts Payable
--	--	--	--	Due to Other Funds
--	--	7,420	--	Due to Other Governmental Agencies
<u>2</u>	<u>--</u>	<u>7,685</u>	<u>--</u>	Deferred Revenue
				Total Liabilities
176,674	29,110	125,225	115,066	Fund Balances
--	--	16,454	--	Reserved
--	--	1,594	--	Debt Service
<u>176,674</u>	<u>29,110</u>	<u>143,273</u>	<u>115,066</u>	Long-Term Receivables
				Unreserved
				Undesignated
				Total Fund Balances
<u>\$ 176,676</u>	<u>\$ 29,110</u>	<u>\$ 150,958</u>	<u>\$ 115,066</u>	Total Liabilities and Fund Balances

COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	<u>Total</u>	<u>Redevelopment Agency Bonds</u>	<u>Public Facilities Corporation Bonds, Master Lease</u>	<u>General Obligation, Other Revenue Bonds</u>
Revenues				
Taxes	\$ 16,392	\$ 16,392	\$ --	\$ --
Fines, Forfeitures and Penalties	7,536	18	--	--
Use of Money and Property	20,655	1,093	1,085	25
Intergovernmental Revenues	14,705	219	--	--
Other Revenues	437	113	--	324
Total Revenues	<u>59,725</u>	<u>17,835</u>	<u>1,085</u>	<u>349</u>
Expenditures				
Current				
General Government	11,026	2,716	6	19
Debt Service				
Principal Retirement	40,560	1,730	6,455	310
Interest	76,140	4,861	6,167	24
Total Expenditures	<u>127,726</u>	<u>9,307</u>	<u>12,628</u>	<u>353</u>
Excess (Deficit) of Revenues Over Expenditures	(68,001)	8,528	(11,543)	(4)
Other Financing Sources (Uses)				
Operating Transfers In	82,131	1,755	9,580	--
Operating Transfers Out	(25,213)	(7,621)	(18)	--
Proceeds of Remarketed Debt	34,000	--	--	--
Payment to Remarketing Agent	(34,000)	--	--	--
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	(11,083)	2,662	(1,981)	(4)
Fund Balances - Beginning of Year	<u>504,819</u>	<u>10,982</u>	<u>17,484</u>	<u>470</u>
Fund Balances - End of Year	<u>\$ 493,736</u>	<u>\$ 13,644</u>	<u>\$ 15,503</u>	<u>\$ 466</u>

<u>Pension Obligation Bonds</u>	<u>Refunding Recovery Bonds</u>	<u>Orange County Special Financing Authority</u>	<u>Recovery Certificates of Participation</u>
\$ --	\$ --	\$ --	\$ --
--	--	7,518	--
2,177	1,965	8,238	6,072
--	14,486	--	--
--	--	--	--
<u>2,177</u>	<u>16,451</u>	<u>15,756</u>	<u>6,072</u>
50	--	8,235	--
7,500	--	2,400	22,165
<u>4,958</u>	<u>14,487</u>	<u>5,831</u>	<u>39,812</u>
<u>12,508</u>	<u>14,487</u>	<u>16,466</u>	<u>61,977</u>
(10,331)	1,964	(710)	(55,905)
8,078	--	--	62,718
(9,497)	(2,125)	--	(5,952)
--	--	34,000	--
<u>--</u>	<u>--</u>	<u>(34,000)</u>	<u>--</u>
(11,750)	(161)	(710)	861
<u>188,424</u>	<u>29,271</u>	<u>143,983</u>	<u>114,205</u>
<u>\$ 176,674</u>	<u>\$ 29,110</u>	<u>\$ 143,273</u>	<u>\$ 115,066</u>

Revenues
Taxes
Fines, Forfeitures and Penalties
Use of Money and Property
Intergovernmental Revenues
Other Revenues
Total Revenues
Expenditures
Current
General Government
Debt Service
Principal Retirement
Interest
Total Expenditures
Excess (Deficit) of Revenues Over Expenditures
Other Financing Sources (Uses)
Operating Transfers In
Operating Transfers Out
Proceeds of Remarketed Debt
Payment to Remarketing Agent
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses
Fund Balances - Beginning of Year
Fund Balances - End of Year

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Redevelopment Agency Bonds			
Orange County Development Agency Debt Service - Santa Ana Heights Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 9,430	\$ 9,837	\$ 407
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>16,126</u>	<u>9,981</u>	<u>6,145</u>
Deficit	<u>(6,696)</u>	<u>(144)</u>	<u>6,552</u>
Orange County Development Agency (NDAPP) - Debt Service Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6,710	9,753	3,043
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,996</u>	<u>6,947</u>	<u>4,049</u>
Excess (Deficit)	<u>(4,286)</u>	<u>2,806</u>	<u>7,092</u>
General Obligation, Other Revenue Bonds			
Flood Control District Bonds (1957) Interest and Sinking Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6	--	(6)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>6</u>	<u>--</u>	<u>6</u>
Excess (Deficit)	<u>--</u>	<u>--</u>	<u>--</u>
Pension Obligation Bonds			
Pension Obligation Bonds Debt Service Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	7,719	10,254	2,535
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>37,146</u>	<u>22,004</u>	<u>15,142</u>
Deficit	<u>(29,427)</u>	<u>(11,750)</u>	<u>17,677</u>
Refunding Recovery Bonds			
Refunding Recovery Bonds Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	16,412	16,451	39
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>45,684</u>	<u>16,611</u>	<u>29,073</u>
Deficit	<u>(29,272)</u>	<u>(160)</u>	<u>29,112</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Orange County Special Financing Authority			
Orange County Special Financing Authority Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 41,300	\$ 75,900	\$ 34,600
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>168,110</u>	<u>75,892</u>	<u>92,218</u>
Excess (Deficit)	<u>(126,810)</u>	<u>8</u>	<u>126,818</u>
Total - All Budgeted Debt Service Fund-Agency Units			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	81,577	122,195	40,618
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>278,068</u>	<u>131,435</u>	<u>146,633</u>
Deficit	<u>\$ (196,491)</u>	<u>\$ (9,240)</u>	<u>\$ 187,251</u>



CAPITAL PROJECTS FUNDS

These funds are used to account for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds and trust funds.)

Criminal Justice Facilities

This group of funds is used to account for monies received from surcharges and penalty assessments on offenses used for capital improvements to court and other criminal justice facilities.

Public Library

This fund is used to account for the construction or purchase of equipment and facilities of the Orange County Public Library.

Flood Control District

This fund is used to account for the accumulation of capital for future Santa Ana River Mainstem Project Improvements.

Redevelopment Agency

This group of funds is used to account for the acquisition and disposition of land and improvements held for resale by the Development Agency, and for other capital acquisitions, primarily from the proceeds of bond issues and taxes resulting from the increment in assessed valuation of taxable properties within the Agency's boundaries.

Special Assessment Districts, Community Facilities Districts and Service Areas

This group of funds is used to account for the construction of public facilities from the proceeds of various Mello-Roos districts (also known as Community Facilities Districts) bond issues, special assessment district bond issues, and interfund transfers from County Service Area operating funds.

Telecommunications Equipment

This fund is used to account for the acquisition and installation of certain telecommunications equipment for general government purposes.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2001
(In Thousands)**

	Total	Criminal Justice Facilities	Public Library	Flood Control District
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 310,373	\$ 44,122	\$ 5,759	\$ 152,119
Restricted Cash and Investments with Trustee	13,532	--	--	--
Investments	31,316	--	--	--
Receivables				
Accounts	81	--	--	--
Interest/Dividends	85	3	--	--
Deposits	10,540	--	--	343
Notes	1,211	--	--	--
Loans	20	--	--	20
Allowance for Uncollectible Receivables	(8)	--	--	--
Due from Other Funds	5,960	1,093	1,477	1,960
Due from Other Governmental Agencies	3,938	305	--	3,633
Land and Improvements Held for Resale	2,179	--	--	--
Total Assets	<u>\$ 379,227</u>	<u>\$ 45,523</u>	<u>\$ 7,236</u>	<u>\$ 158,075</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ 4,069	\$ 3,952	\$ --	\$ 52
Deposits from Others	4,497	--	4,305	90
Due to Other Funds	1,731	3	384	560
Due to Other Governmental Agencies	961	--	--	961
Deferred Revenue	52	--	--	52
Total Liabilities	<u>11,310</u>	<u>3,955</u>	<u>4,689</u>	<u>1,715</u>
Fund Balances				
Reserved				
Encumbrances	16,176	10,728	413	2,054
Land and Improvements Held for Resale	2,179	--	--	--
Capital Projects	91,537	--	--	91,537
Land Purchase	15,116	--	--	15,116
Redevelopment Loans	1,211	--	--	--
Other Reserves	900	--	900	--
Unreserved				
Undesignated	240,798	30,840	1,234	47,653
Total Fund Balances	<u>367,917</u>	<u>41,568</u>	<u>2,547</u>	<u>156,360</u>
Total Liabilities and Fund Balances	<u>\$ 379,227</u>	<u>\$ 45,523</u>	<u>\$ 7,236</u>	<u>\$ 158,075</u>

Redevelopment Agency	Special Assessment Districts, Community Facilities Districts & Service Areas	Telecommunications Equipment
\$ 30,875	\$ 77,498	\$ --
--	4,122	9,410
--	31,316	--
8	73	--
--	82	--
10,197	--	--
1,211	--	--
--	--	--
(8)	--	--
405	1,025	--
--	--	--
2,179	--	--
<u>\$ 44,867</u>	<u>\$ 114,116</u>	<u>\$ 9,410</u>
\$ 6	\$ 59	\$ --
25	77	--
228	556	--
--	--	--
--	--	--
<u>259</u>	<u>692</u>	<u>--</u>
2,927	54	--
2,179	--	--
--	--	--
--	--	--
1,211	--	--
--	--	--
38,291	113,370	9,410
<u>44,608</u>	<u>113,424</u>	<u>9,410</u>
<u>\$ 44,867</u>	<u>\$ 114,116</u>	<u>\$ 9,410</u>

ASSETS

Pooled Cash/Investments	--
Restricted Cash and Investments with Trustee	9,410
Investments	--
Receivables	--
Accounts	--
Interest/Dividends	--
Deposits	--
Notes	--
Loans	--
Allowance for Uncollectible Receivables	--
Due from Other Funds	--
Due from Other Governmental Agencies	--
Land and Improvements Held for Resale	--
Total Assets	9,410

LIABILITIES AND FUND BALANCES

Liabilities	--
Accounts Payable	--
Deposits from Others	--
Due to Other Funds	--
Due to Other Governmental Agencies	--
Deferred Revenue	--
Total Liabilities	--
Fund Balances	--
Reserved	--
Encumbrances	--
Land and Improvements Held for Resale	--
Capital Projects	--
Land Purchase	--
Redevelopment Loans	--
Other Reserves	--
Unreserved	9,410
Undesignated	9,410
Total Fund Balances	9,410
Total Liabilities and Fund Balances	9,410

**COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)**

	Total	Criminal Justice Facilities	Public Library	Flood Control District
Revenues				
Licenses, Permits, and Franchises	\$ 1	\$ --	\$ --	\$ 1
Fines, Forfeitures and Penalties	9,388	9,388	--	--
Use of Money and Property	20,814	1,974	55	9,264
Intergovernmental Revenues	19,721	10,599	150	7,449
Charges for Services	112	--	--	--
Contributions From Property Owners	25,536	--	--	--
Other Revenues	5,222	886	541	3,022
Total Revenues	<u>80,794</u>	<u>22,847</u>	<u>746</u>	<u>19,736</u>
Expenditures				
Capital Outlay	54,869	23,948	94	6,399
Total Expenditures	<u>54,869</u>	<u>23,948</u>	<u>94</u>	<u>6,399</u>
Excess (Deficit) of Revenues Over Expenditures	25,925	(1,101)	652	13,337
Other Financing Sources (Uses)				
Operating Transfers In	34,351	31,993	1,558	--
Operating Transfers Out	(6,633)	(4,450)	(383)	--
Proceeds of Refunding Bonds	10,216	--	--	--
Provision for Increase in Land Held for Resale	198	--	--	--
Excess of Revenues and Other Sources over Expenditures and Other Uses	64,057	26,442	1,827	13,337
Fund Balances - Beginning of Year	298,231	14,905	720	143,075
Adjustment Due to Change in Accounting Principle	(252)	(200)	--	(52)
Fund Balances - Beginning of Year, as Restated	297,979	14,705	720	143,023
Residual Equity Transfers From Other Funds	5,881	421	--	--
Fund Balances - End of Year	<u>\$ 367,917</u>	<u>\$ 41,568</u>	<u>\$ 2,547</u>	<u>\$ 156,360</u>

Redevelopment Agency	Special Assessment Districts, Community Facilities Districts & Service Areas	Telecommunications Equipment	
\$ --	\$ --	\$ --	Revenues
--	--	--	Licenses, Permits, and Franchises
2,600	6,883	38	Fines, Forfeitures and Penalties
1,523	--	--	Use of Money and Property
1	111	--	Intergovernmental Revenues
--	25,536	--	Charges for Services
638	135	--	Contributions From Property Owners
<u>4,762</u>	<u>32,665</u>	<u>38</u>	Other Revenues
			Total Revenues
3,641	19,943	844	Expenditures
<u>3,641</u>	<u>19,943</u>	<u>844</u>	Capital Outlay
			Total Expenditures
1,121	12,722	(806)	Excess (Deficit) of Revenues Over Expenditures
800	--	--	Other Financing Sources (Uses)
--	(1,800)	--	Operating Transfers In
--	--	10,216	Operating Transfers Out
198	--	--	Proceeds of Refunding Bonds
			Provision for Increase in Land Held for Resale
2,119	10,922	9,410	Excess of Revenues and Other Sources over Expenditures and Other Uses
42,489	97,042	--	Fund Balances - Beginning of Year
--	--	--	Adjustment Due to Change in Accounting Principle
42,489	97,042	--	Fund Balances - Beginning of Year, as Restated
--	5,460	--	Residual Equity Transfers From Other Funds
<u>\$ 44,608</u>	<u>\$ 113,424</u>	<u>\$ 9,410</u>	Fund Balances - End of Year

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Criminal Justice Facilities			
Criminal Justice Facilities Accumulative Capital Outlay Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 4,500	\$ 6,201	\$ 1,701
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	8,014	7,023	991
Deficit	<u>(3,514)</u>	<u>(822)</u>	<u>2,692</u>
Courthouse Temporary Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	4,253	5,132	879
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	5,193	4,766	427
Excess (Deficit)	<u>(940)</u>	<u>366</u>	<u>1,306</u>
Sheriff-Coroner Construction and Facility Development Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	43,156	43,728	572
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	37,739	11,469	26,270
Excess	<u>5,417</u>	<u>32,259</u>	<u>26,842</u>
Public Library			
Public Library - Capital Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	4,394	2,304	(2,090)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	4,178	853	3,325
Excess	<u>216</u>	<u>1,451</u>	<u>1,235</u>
Flood Control District			
Flood Control District - Capital Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	27,115	19,736	(7,379)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	59,174	4,442	54,732
Excess (Deficit)	<u>(32,059)</u>	<u>15,294</u>	<u>47,353</u>
Redevelopment Agency			
Orange County Development Agency - Santa Ana Heights 1993 Bond Issue Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	3,600	4,326	726
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	22,421	3,391	19,030
Excess (Deficit)	<u>(18,821)</u>	<u>935</u>	<u>19,756</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Redevelopment Agency (Cont'd)			
Orange County Development Agency - Santa Ana Heights 1993 Bond Issue Low/Moderate Income Housing Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 5	\$ 8	\$ 3
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>124</u>	<u>--</u>	<u>124</u>
Excess (Deficit)	<u>(119)</u>	<u>8</u>	<u>127</u>
Orange County Development Agency - Santa Ana Heights Surplus Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,200	2,316	1,116
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,148</u>	<u>219</u>	<u>9,929</u>
Excess (Deficit)	<u>(8,948)</u>	<u>2,097</u>	<u>11,045</u>
Orange County Development Agency (NDAPP) Projects, 1992 Issue A Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	30	98	68
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>843</u>	<u>1</u>	<u>842</u>
Excess (Deficit)	<u>(813)</u>	<u>97</u>	<u>910</u>
NDAPP - Low/Moderate Income Housing, 1992, Issue A Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	100	197	97
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,362</u>	<u>720</u>	<u>2,642</u>
Deficit	<u>(3,262)</u>	<u>(523)</u>	<u>2,739</u>
Orange County Development Agency (NDAPP) Projects, 1992 Issue B Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	30	69	39
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>891</u>	<u>1</u>	<u>890</u>
Excess (Deficit)	<u>(861)</u>	<u>68</u>	<u>929</u>
Orange County Development Agency (NDAPP) Projects, 1992 Issue B Low/Moderate Income Housing Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	40	152	112
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>2,067</u>	<u>2</u>	<u>2,065</u>
Excess (Deficit)	<u>(2,027)</u>	<u>150</u>	<u>2,177</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
Redevelopment Agency (Cont'd)			
Orange County Development Agency - Neighborhood Preservation and Development Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 25	\$ 56	\$ 31
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	598	1	597
Excess (Deficit)	<u>(573)</u>	<u>55</u>	<u>628</u>
Orange County Development Agency (NDAPP) Surplus Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2,103	106	(1,997)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	2,163	236	1,927
Deficit	<u>(60)</u>	<u>(130)</u>	<u>(70)</u>
Special Assessment Districts, Community Facilities Districts, and Service Areas			
County Infrastructure Project Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2,547	490	(2,057)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	8,007	778	7,229
Deficit	<u>(5,460)</u>	<u>(288)</u>	<u>5,172</u>
Aliso Viejo Community Facilities District 88-1(A) 1992 - Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	1,500	1,980	480
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	32,688	57	32,631
Excess (Deficit)	<u>(31,188)</u>	<u>1,923</u>	<u>33,111</u>
Special Assessment - Top of the World Improvement Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	2	3	1
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	39	--	39
Excess (Deficit)	<u>(37)</u>	<u>3</u>	<u>40</u>
CFD 99-1, Ladera Construction Series A of 1999 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	800	522	(278)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	16,188	14,059	2,129
Deficit	<u>(15,388)</u>	<u>(13,537)</u>	<u>1,851</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Special Assessment Districts, Community Facilities Districts, and Service Areas (Cont'd)			
Rancho Santa Margarita Community Facilities District 86-2, Series A of 1998 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 179	\$ 225	\$ 46
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>3,783</u>	<u>228</u>	<u>3,555</u>
Deficit	<u>(3,604)</u>	<u>(3)</u>	<u>3,601</u>
Rancho Santa Margarita Community Facilities District 86-1(A) Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	9	11	2
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>189</u>	<u>5</u>	<u>184</u>
Excess (Deficit)	<u>(180)</u>	<u>6</u>	<u>186</u>
Santa Margarita Community Facilities District 86-1 (1988) Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	7	5	(2)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>90</u>	<u>5</u>	<u>85</u>
Deficit	<u>(83)</u>	<u>--</u>	<u>83</u>
Lomas Laguna Community Facilities District 88-2 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	15	18	3
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>321</u>	<u>2</u>	<u>319</u>
Excess (Deficit)	<u>(306)</u>	<u>16</u>	<u>322</u>
Community Facilities District 87-4 Series A 1997 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	74	80	6
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,600</u>	<u>354</u>	<u>1,246</u>
Deficit	<u>(1,526)</u>	<u>(274)</u>	<u>1,252</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Special Assessment Districts, Community Facilities Districts, and Service Areas (Cont'd)			
Irvine Coast Assessment District 88-1 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 2,350	\$ 2,195	\$ (155)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>29,790</u>	<u>1,224</u>	<u>28,566</u>
Excess (Deficit)	<u>(27,440)</u>	<u>971</u>	<u>28,411</u>
Baker Ranch Community Facilities District 87-6 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	19	24	5
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>429</u>	<u>1</u>	<u>428</u>
Excess (Deficit)	<u>(410)</u>	<u>23</u>	<u>433</u>
Santa Teresita Community Facilities District 87-9 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	10	12	2
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>212</u>	<u>27</u>	<u>185</u>
Deficit	<u>(202)</u>	<u>(15)</u>	<u>187</u>
Portola Hills Community Facilities District 87-2(A) Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	--	1	1
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>75</u>	<u>75</u>	<u>--</u>
Deficit	<u>(75)</u>	<u>(74)</u>	<u>1</u>
Mission Viejo Community Facilities District 87-3(A) Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	420	501	81
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>9,100</u>	<u>1,781</u>	<u>7,319</u>
Deficit	<u>(8,680)</u>	<u>(1,280)</u>	<u>7,400</u>
Santa Teresita Community Facilities District 87-9(A)91 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	100	55	(45)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,101</u>	<u>1</u>	<u>1,100</u>
Excess (Deficit)	<u>(1,001)</u>	<u>54</u>	<u>1,055</u>

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Special Assessment Districts, Community Facilities Districts, and Service Areas (Cont'd)			
CFD 00-1, Ladera Construction Series A of 2000 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 26,311	\$ 26,316	\$ 5
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>26,311</u>	<u>3,147</u>	<u>23,164</u>
Excess	<u>--</u>	<u>23,169</u>	<u>23,169</u>
Newport Ridge Construction 92-1 Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	6	29	23
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>159</u>	<u>6</u>	<u>153</u>
Excess (Deficit)	<u>(153)</u>	<u>23</u>	<u>176</u>
Newport Ridge Construction Series B Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	119	149	30
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,969</u>	<u>2</u>	<u>1,967</u>
Excess (Deficit)	<u>(1,850)</u>	<u>147</u>	<u>1,997</u>
Foothill Ranch Community Facilities District 87-4(A)94 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	34	44	10
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>728</u>	<u>1</u>	<u>727</u>
Excess (Deficit)	<u>(694)</u>	<u>43</u>	<u>737</u>
Rancho Santa Margarita Community Facilities District 87-5C(A)94 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	21	28	7
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>467</u>	<u>1</u>	<u>466</u>
Excess (Deficit)	<u>(446)</u>	<u>27</u>	<u>473</u>

(Continued)

COUNTY OF ORANGE
COMBINING SCHEDULE OF BUDGETARY COMPARISONS BY FUND-AGENCY UNIT (Cont'd)
BUDGET AND ACTUAL ON BUDGETARY BASIS
ALL BUDGETED CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Functional Grouping/Fund-Agency Unit</u>	<u>Revised Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance- Favorable (Unfavorable)</u>
Special Assessment Districts, Community Facilities Districts, and Service Areas (Cont'd)			
Coto de Caza Community Facilities District 87-8(A)94 Construction Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	\$ 69	\$ 73	\$ 4
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>1,481</u>	<u>84</u>	<u>1,397</u>
Deficit	<u>(1,412)</u>	<u>(11)</u>	<u>1,401</u>
Telecommunications Equipment			
Telecommunications 2001 Equipment Fund			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	10,380	10,254	(126)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>10,377</u>	<u>842</u>	<u>9,535</u>
Excess	<u>3</u>	<u>9,412</u>	<u>9,409</u>
Total - All Capital Projects Fund-Agency Units			
Revenues, Other Financing Sources, and Residual Equity Transfers From Other Funds	135,523	127,444	(8,079)
Expenditures/Encumbrances, Other Financing Uses, and Residual Equity Transfers To Other Funds	<u>302,019</u>	<u>55,804</u>	<u>246,215</u>
Excess (Deficit)	<u>\$ (166,496)</u>	<u>\$ 71,640</u>	<u>\$ 238,136</u>

ENTERPRISE FUNDS

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Airport

This group of funds is used to account for major construction and for self-supporting aviation-related activities rendered at John Wayne Airport, Orange County. The Airport's staff coordinates and administers general business activities related to the Airport, including concessions, fixed base operations, leased property, and aircraft tiedown facilities.

Waste Management

This group of funds is used to account for the operation, expansion, and closing of existing landfills and the opening of new landfills. Monies are collected principally through gate tipping fees, which users pay based primarily on tonnage.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL ENTERPRISE FUNDS
JUNE 30, 2001
(In Thousands)**

ASSETS	<u>Total</u>	<u>Airport</u>	<u>Waste Management</u>
Pooled Cash/Investments	\$ 314,079	\$ 21,024	\$ 293,055
Pooled Cash/Investments - Closure Costs	41,996	--	41,996
Cash Equivalents/Specific Investments	26,435	26,435	--
Imprest Cash Funds	49	14	35
Restricted Cash and Investments with Trustee	48,663	38,635	10,028
Investments	10,570	10,570	--
Deposits In-Lieu of Cash	33,909	14,888	19,021
Receivables			
Accounts	13,117	2,345	10,772
Interest/Dividends	913	906	7
Allowance for Uncollectible Receivables	(17)	(5)	(12)
Due from Other Funds	5,220	394	4,826
Due from Other Governmental Agencies	1,677	1,260	417
Prepaid Costs	974	974	--
Land	32,748	15,678	17,070
Structures and Improvements	569,537	408,723	160,814
Accumulated Depreciation	(186,922)	(151,656)	(35,266)
Equipment	36,356	7,916	28,440
Accumulated Depreciation	(20,660)	(3,821)	(16,839)
Construction in Progress	31,193	8,373	22,820
Bond Issuance Costs	2,296	1,209	1,087
Total Assets	<u>\$ 962,133</u>	<u>\$ 403,862</u>	<u>\$ 558,271</u>
 LIABILITIES AND FUND EQUITY			
Liabilities			
Accounts Payable	\$ 10,402	\$ 4,418	\$ 5,984
Salaries and Employee Benefits Payable	792	281	511
Interest Payable	297	--	297
Deposits from Others	44,502	25,028	19,474
Due to Other Funds	6,585	2,959	3,626
Due to Other Governmental Agencies	2,002	80	1,922
Compensated Employee Absences Payable	2,019	748	1,271
Arbitrage Rebate Payable	177	--	177
Deferred Revenue	1,387	1,387	--
Bonds Payable	235,685	171,954	63,731
Landfill Site Closure/Postclosure Liability	166,667	--	166,667
Total Liabilities	<u>470,515</u>	<u>206,855</u>	<u>263,660</u>
Fund Equity			
Contributed Capital	59,781	59,707	74
Retained Earnings	431,837	137,300	294,537
Total Fund Equity	<u>491,618</u>	<u>197,007</u>	<u>294,611</u>
Total Liabilities and Fund Equity	<u>\$ 962,133</u>	<u>\$ 403,862</u>	<u>\$ 558,271</u>

COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS AND CONTRIBUTED CAPITAL
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Total	Airport	Waste Management
Operating Revenues			
Use of Property	\$ 59,475	\$ 58,568	\$ 907
Licenses, Permits and Franchises	68	--	68
Charges for Services	111,861	11,921	99,940
Other Revenues	522	--	522
Total Operating Revenues	<u>171,926</u>	<u>70,489</u>	<u>101,437</u>
Operating Expenses			
Salaries and Employee Benefits	22,002	7,497	14,505
Services and Supplies	12,751	9,807	2,944
Professional Services	22,886	13,426	9,460
Operating Leases	6,205	68	6,137
Other Charges	20,007	--	20,007
Landfill Site Closure/Postclosure Costs	10,494	--	10,494
Depreciation	25,551	16,842	8,709
Total Operating Expenses	<u>119,896</u>	<u>47,640</u>	<u>72,256</u>
Operating Income	<u>52,030</u>	<u>22,849</u>	<u>29,181</u>
Nonoperating Revenues (Expenses)			
Fines, Forfeitures and Penalties	36	--	36
Intergovernmental Revenues	246	11	235
Interest Revenue	23,600	5,019	18,581
Interest Expense	(16,322)	(12,361)	(3,961)
Income on Disposition of Fixed Assets	33	4	29
Other Revenues	932	932	--
Total Nonoperating Revenues (Expenses)	<u>8,525</u>	<u>(6,395)</u>	<u>14,920</u>
Income Before Capital Contributions and Operating Transfers	60,555	16,454	44,101
Capital Contributions	5,646	5,646	--
Operating Transfers Out	(19,371)	(5,370)	(14,001)
Net Income	<u>46,830</u>	<u>16,730</u>	<u>30,100</u>
Add Depreciation Related to Assets Acquired with Contributed Capital	2,402	2,393	9
Retained Earnings - Beginning of Year	382,605	118,177	264,428
Retained Earnings - End of Year	<u>\$ 431,837</u>	<u>\$ 137,300</u>	<u>\$ 294,537</u>
Contributed Capital:			
County			
Balances - Beginning of Year	\$ 2,084	\$ 2,001	\$ 83
Fixed Assets - Depreciation	(9)	--	(9)
Balances - End of Year	<u>2,075</u>	<u>2,001</u>	<u>74</u>
Federal Aviation Administration			
Balances - Beginning of Year	59,977	59,977	--
Fixed Assets - Depreciation	(2,393)	(2,393)	--
Balances - End of Year	<u>57,584</u>	<u>57,584</u>	<u>--</u>
State of California			
Balances - Beginning and End of Year	<u>122</u>	<u>122</u>	<u>--</u>
Total Contributed Capital			
Balances - Beginning of Year	62,183	62,100	83
Fixed Assets - Depreciation	(2,402)	(2,393)	(9)
Balances - End of Year	<u>\$ 59,781</u>	<u>\$ 59,707</u>	<u>\$ 74</u>

**COUNTY OF ORANGE
COMBINING STATEMENT OF CASH FLOWS
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)**

	<u>Total</u>	<u>Airport</u>	<u>Waste Management</u>
Cash Flows From Operating Activities:			
Operating Income	\$ 52,030	\$ 22,849	\$ 29,181
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation	25,551	16,842	8,709
Provision for Landfill Site Closure/Postclosure Costs	10,494	--	10,494
Fines, Forfeitures and Penalties	36	--	36
Other Nonoperating Revenues	932	932	--
(Increases) Decreases In:			
Deposits In-Lieu of Cash	2,592	(1,835)	4,427
Accounts Receivable	1,766	496	1,270
Deposits Receivable	3	3	--
Due From Other Funds	262	283	(21)
Due From Other Governmental Agencies	(627)	(419)	(208)
Prepaid Costs	(974)	(974)	--
Increases (Decreases) In:			
Accounts Payable	(3,780)	(2,099)	(1,681)
Salaries and Employee Benefits Payable	23	(1)	24
Deposits From Others	2,689	1,713	976
Due to Other Funds	(3,770)	(226)	(3,544)
Due to Other Governmental Agencies	1,013	80	933
Compensated Employee Absences Payable	87	16	71
Arbitrage Rebate Payable	69	--	69
Deferred Revenue	(544)	(544)	--
Landfill Site Closing Disbursements	(544)	--	(544)
Total Adjustments	<u>35,278</u>	<u>14,267</u>	<u>21,011</u>
Net Cash Provided By Operating Activities	<u>87,308</u>	<u>37,116</u>	<u>50,192</u>
Cash Flows From Noncapital Financing Activities:			
Operating Transfers Out	(16,042)	(5,370)	(10,672)
Intergovernmental Revenues	246	11	235
Net Cash Used By Noncapital Financing Activities	<u>(15,796)</u>	<u>(5,359)</u>	<u>(10,437)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of Capital Assets	(24,507)	(11,107)	(13,400)
Principal Paid on Bonds	(12,860)	(9,315)	(3,545)
Interest Paid on Long-Term Debt	(14,132)	(10,633)	(3,499)
Contributed Capital	5,646	5,646	--
Proceeds from the Sale of Fixed Assets	58	--	58
Net Cash Used By Capital and Related Financing Activities	<u>(45,795)</u>	<u>(25,409)</u>	<u>(20,386)</u>
Cash Flows From Investing Activities:			
Interest on Investments	22,835	4,506	18,329
Purchases of Investments	(3,912)	(3,719)	(193)
Net Cash Provided By Investing Activities	<u>18,923</u>	<u>787</u>	<u>18,136</u>
Net Increase In Cash and Cash Equivalents	44,640	7,135	37,505
Cash and Cash Equivalents - Beginning of Year	357,215	59,634	297,581
Cash and Cash Equivalents - End of Year	<u>\$ 401,855</u>	<u>\$ 66,769</u>	<u>\$ 335,086</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts			
Pooled Cash/Investments	\$ 314,079	\$ 21,024	\$ 293,055
Pooled Cash/Investments - Closure Costs	41,996	--	41,996
Cash Equivalents/Specific Investments	26,435	26,435	--
Imprest Cash Funds	49	14	35
Restricted Cash and Investments with Trustee	19,296	19,296	--
Total Cash and Cash Equivalents	<u>\$ 401,855</u>	<u>\$ 66,769</u>	<u>\$ 335,086</u>

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one County department or agency to other County departments or agencies, or to other governmental entities, on a cost reimbursement basis.

Self-Insured Benefits

This fund is used to account for the County's self-funded salary continuance and dental insurance programs.

Unemployment Insurance

This fund is used to account for the County's self-funded unemployment insurance program.

County Indemnity Health Plans

These funds are used to account for the County's self-funded health insurance programs for employees and retirees.

Workers' Compensation

This fund is used to account for the County's self-funded workers' compensation insurance program.

Property and Casualty Risk

This fund is used to account for the County's self-funded property and casualty risk insurance program.

Transportation

This fund is used to account for motor pool repair and maintenance, and for other transportation services which are provided to departments and agencies on a cost reimbursement basis.

Publishing Services

This fund is used to account for printing and graphic services that are provided to departments and agencies on a cost reimbursement basis.

Telephone

This fund is used to account for the rental of telephone equipment to departments and agencies on a cost reimbursement basis.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2001
(In Thousands)**

ASSETS	<u>Total</u>	<u>Self-Insured Benefits</u>	<u>Unemployment Insurance</u>
Pooled Cash/Investments	\$ 126,489	\$ 3,767	\$ 6,642
Imprest Cash Funds	55	50	--
Receivables			
Accounts	188	--	--
Allowance for Uncollectible Receivables	(9)	--	--
Due from Other Funds	5,685	49	87
Due from Other Governmental Agencies	59	--	--
Inventory of Materials and Supplies	334	--	--
Equipment	63,645	15	--
Accumulated Depreciation	(46,078)	(14)	--
Construction in Progress	627	--	--
Total Assets	<u>\$ 150,995</u>	<u>\$ 3,867</u>	<u>\$ 6,729</u>
 <u>LIABILITIES AND FUND EQUITY (DEFICITS)</u>			
Liabilities			
Accounts Payable	\$ 1,375	\$ 29	\$ 27
Salaries and Employee Benefits Payable	404	--	--
Due to Other Funds	387	--	1
Due to Other Governmental Agencies	6	--	--
Insurance Claims Payable	90,796	191	130
Compensated Employee Absences Payable	699	--	--
Deferred Revenue	412	--	--
Total Liabilities	<u>94,079</u>	<u>220</u>	<u>158</u>
Fund Equity (Deficits)			
Contributed Capital	23,561	--	--
Retained Earnings (Deficits)	33,355	3,647	6,571
Total Fund Equity (Deficits)	<u>56,916</u>	<u>3,647</u>	<u>6,571</u>
Total Liabilities and Fund Equity	<u>\$ 150,995</u>	<u>\$ 3,867</u>	<u>\$ 6,729</u>

County Indemnity Health Plans	Workers' Compensation	Property & Casualty Risk
\$ 32,721	\$ 13,194	\$ 58,767
--	--	5
6	--	--
(5)	--	--
439	156	1,272
--	--	--
--	--	--
26	6	7
(25)	--	(7)
--	--	--
<u>\$ 33,162</u>	<u>\$ 13,356</u>	<u>\$ 60,044</u>
--	--	--
\$ --	\$ 591	\$ 218
--	144	25
3	17	6
--	--	--
10,340	54,988	25,147
--	84	75
--	--	--
<u>10,343</u>	<u>55,824</u>	<u>25,471</u>
--	--	--
<u>22,819</u>	<u>(42,468)</u>	<u>34,573</u>
<u>22,819</u>	<u>(42,468)</u>	<u>34,573</u>
<u>\$ 33,162</u>	<u>\$ 13,356</u>	<u>\$ 60,044</u>

ASSETS

Pooled Cash/Investments
Imprest Cash Funds
Receivables
Accounts
Allowance for Uncollectible Receivables
Due from Other Funds
Due from Other Governmental Agencies
Inventory of Materials and Supplies
Equipment
Accumulated Depreciation
Construction in Progress
Total Assets

LIABILITIES AND FUND EQUITY (DEFICITS)

Liabilities
Accounts Payable
Salaries and Employee Benefits Payable
Due to Other Funds
Due to Other Governmental Agencies
Insurance Claims Payable
Compensated Employee Absences Payable
Deferred Revenue
Total Liabilities
Fund Equity (Deficits)
Contributed Capital
Retained Earnings (Deficits)
Total Fund Equity (Deficits)
Total Liabilities and Fund Equity

(Continued)

**COUNTY OF ORANGE
COMBINING BALANCE SHEET (Cont'd)
ALL INTERNAL SERVICE FUNDS
JUNE 30, 2001
(In Thousands)**

ASSETS	<u>Transportation</u>	<u>Publishing Services</u>	<u>Telephone</u>
Pooled Cash/Investments	\$ 3,914	\$ 1,786	\$ 5,698
Imprest Cash Funds	--	--	--
Receivables			
Accounts	181	1	--
Allowance for Uncollectible Receivables	(4)	--	--
Due from Other Funds	3,470	23	189
Due from Other Governmental Agencies	2	53	4
Inventory of Materials and Supplies	258	76	--
Equipment	25,814	852	36,925
Accumulated Depreciation	(15,614)	(543)	(29,875)
Construction in Progress	627	--	--
Total Assets	<u>\$ 18,648</u>	<u>\$ 2,248</u>	<u>\$ 12,941</u>
 <u>LIABILITIES AND FUND EQUITY (DEFICITS)</u>			
Liabilities			
Accounts Payable	\$ 228	\$ 48	\$ 234
Salaries and Employee Benefits Payable	166	45	24
Due to Other Funds	159	199	2
Due to Other Governmental Agencies	--	6	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	395	94	51
Deferred Revenue	--	--	412
Total Liabilities	<u>948</u>	<u>392</u>	<u>723</u>
Fund Equity (Deficits)			
Contributed Capital	17,831	1,147	4,583
Retained Earnings (Deficits)	(131)	709	7,635
Total Fund Equity (Deficits)	<u>17,700</u>	<u>1,856</u>	<u>12,218</u>
 Total Liabilities and Fund Equity	 <u>\$ 18,648</u>	 <u>\$ 2,248</u>	 <u>\$ 12,941</u>



COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (DEFICITS) AND CONTRIBUTED CAPITAL
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	<u>Total</u>	<u>Self-Insured Benefits</u>	<u>Unemployment Insurance</u>
Operating Revenues			
Charges for Services	\$ 32,564	\$ --	\$ --
Insurance Premiums	78,503	2,423	724
Other Revenues	<u>2,236</u>	<u>--</u>	<u>--</u>
Total Operating Revenues	<u>113,303</u>	<u>2,423</u>	<u>724</u>
Operating Expenses			
Salaries and Employee Benefits	8,172	--	--
Services and Supplies	22,622	--	--
Professional Services	10,362	172	100
Operating Leases	607	--	--
Insurance Claims	73,648	1,691	396
Other Charges	11,877	--	--
Depreciation	<u>4,587</u>	<u>1</u>	<u>--</u>
Total Operating Expenses	<u>131,875</u>	<u>1,864</u>	<u>496</u>
Operating Income (Loss)	<u>(18,572)</u>	<u>559</u>	<u>228</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	8,131	212	395
Loss on Disposition of Fixed Assets	<u>(62)</u>	<u>--</u>	<u>--</u>
Total Nonoperating Revenues	<u>8,069</u>	<u>212</u>	<u>395</u>
Income (Loss) Before Operating Transfers	(10,503)	771	623
Operating Transfers In	905	--	--
Operating Transfers Out	<u>(755)</u>	<u>--</u>	<u>--</u>
Net Income (Loss)	<u>(10,353)</u>	<u>771</u>	<u>623</u>
Add Depreciation Related to Assets Acquired with Contributed Capital	366	--	--
Retained Earnings (Deficits) - Beginning of Year	43,342	2,876	5,948
Retained Earnings (Deficits) - End of Year	<u>\$ 33,355</u>	<u>\$ 3,647</u>	<u>\$ 6,571</u>
Contributed Capital:			
County			
Balances - Beginning of Year	\$ 23,761	\$ --	\$ --
Cash Additions	128	--	--
Fixed Assets - Additions	38	--	--
Fixed Assets - Depreciation	<u>(366)</u>	<u>--</u>	<u>--</u>
Balances - End of Year	<u>\$ 23,561</u>	<u>\$ --</u>	<u>\$ --</u>

County Indemnity Health Plans	Workers' Compensation	Property & Casualty Risk
\$ --	\$ --	\$ --
51,707	24,728	(1,079)
--	504	646
<u>51,707</u>	<u>25,232</u>	<u>(433)</u>
--	607	645
1,212	158	4,396
3,116	1,962	459
--	4	7
36,741	31,802	3,018
11,876	--	1
3	--	--
<u>52,948</u>	<u>34,533</u>	<u>8,526</u>
<u>(1,241)</u>	<u>(9,301)</u>	<u>(8,959)</u>
2,124	593	4,074
--	--	--
<u>2,124</u>	<u>593</u>	<u>4,074</u>
883	(8,708)	(4,885)
--	--	--
--	--	--
<u>883</u>	<u>(8,708)</u>	<u>(4,885)</u>
--	--	--
21,936	(33,760)	39,458
<u>\$ 22,819</u>	<u>\$ (42,468)</u>	<u>\$ 34,573</u>
\$ --	\$ --	\$ --
--	--	--
--	--	--
--	--	--
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Operating Revenues
Charges for Services
Insurance Premiums
Other Revenues
Total Operating Revenues

Operating Expenses
Salaries and Employee Benefits
Services and Supplies
Professional Services
Operating Leases
Insurance Claims
Other Charges
Depreciation
Total Operating Expenses
Operating Income (Loss)

Nonoperating Revenues (Expenses)
Interest Revenue
Loss on Disposition of Fixed Assets
Total Nonoperating Revenues

Income (Loss) Before Operating Transfers

Operating Transfers In
Operating Transfers Out
Net Income (Loss)

Add Depreciation Related to Assets Acquired
with Contributed Capital

Retained Earnings (Deficits) - Beginning of Year
Retained Earnings (Deficits) - End of Year

Contributed Capital:
County
Balances - Beginning of Year
Cash Additions
Fixed Assets - Additions
Fixed Assets - Depreciation
Balances - End of Year

(Continued)

COUNTY OF ORANGE
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (DEFICITS) AND CONTRIBUTED CAPITAL (Cont'd)
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	<u>Transportation</u>	<u>Publishing Services</u>	<u>Telephone</u>
Operating Revenues			
Charges for Services	\$ 14,624	\$ 3,009	\$ 14,931
Insurance Premiums	--	--	--
Other Revenues	248	249	589
Total Operating Revenues	<u>14,872</u>	<u>3,258</u>	<u>15,520</u>
Operating Expenses			
Salaries and Employee Benefits	4,929	1,247	744
Services and Supplies	5,292	1,436	10,128
Professional Services	1,733	291	2,529
Operating Leases	77	369	150
Insurance Claims	--	--	--
Other Charges	--	--	--
Depreciation	3,158	30	1,395
Total Operating Expenses	<u>15,189</u>	<u>3,373</u>	<u>14,946</u>
Operating Income (Loss)	<u>(317)</u>	<u>(115)</u>	<u>574</u>
Nonoperating Revenues (Expenses)			
Interest Revenue	316	119	298
Loss on Disposition of Fixed Assets	(55)	(7)	--
Total Nonoperating Revenues	<u>261</u>	<u>112</u>	<u>298</u>
Income (Loss) Before Operating Transfers	(56)	(3)	872
Operating Transfers In	905	--	--
Operating Transfers Out	(755)	--	--
Net Income (Loss)	<u>94</u>	<u>(3)</u>	<u>872</u>
Add Depreciation Related to Assets Acquired with Contributed Capital	--	--	366
Retained Earnings (Deficits) - Beginning of Year	(225)	712	6,397
Retained Earnings (Deficits) - End of Year	<u>\$ (131)</u>	<u>\$ 709</u>	<u>\$ 7,635</u>
Contributed Capital:			
County			
Balances - Beginning of Year	\$ 17,685	\$ 1,147	\$ 4,929
Cash Additions	128	--	--
Fixed Assets - Additions	18	--	20
Fixed Assets - Depreciation	--	--	(366)
Balances - End of Year	<u>\$ 17,831</u>	<u>\$ 1,147</u>	<u>\$ 4,583</u>



**COUNTY OF ORANGE
COMBINING STATEMENT OF CASH FLOWS
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)**

	Total	Self-Insured Benefits	Unemployment Insurance
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ (18,572)	\$ 559	\$ 228
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	4,587	1	--
(Increases) Decreases In:			
Accounts Receivable	(5)	--	--
Due From Other Funds	(1,861)	(1)	7
Due From Other Governmental Agencies	10	--	--
Inventory of Materials and Supplies	12	--	--
Increases (Decreases) In:			
Accounts Payable	13	16	27
Salaries and Employee Benefits Payable	(7)	--	--
Due to Other Funds	(81)	(1)	(1)
Due to Other Governmental Agencies	(27)	--	--
Insurance Claims Payable	7,976	6	35
Compensated Employee Absences Payable	28	--	--
Deferred Revenue	(369)	--	--
Total Adjustments	<u>10,276</u>	<u>21</u>	<u>68</u>
Net Cash Provided (Used) by Operating Activities	<u>(8,296)</u>	<u>580</u>	<u>296</u>
Cash Flows From Noncapital Financing Activities:			
Operating Transfers Out	(755)	--	--
Net Cash Used By Noncapital Financing Activities	<u>(755)</u>	<u>--</u>	<u>--</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of Capital Assets	(3,429)	--	--
Contributed Capital	128	--	--
Operating Transfers In	905	--	--
Proceeds From Sale of Fixed Assets	96	--	--
Net Cash Used By Capital and Related Financing Activities	<u>(2,300)</u>	<u>--</u>	<u>--</u>
Cash Flows From Investing Activities:			
Interest on Investments	8,131	212	395
Net Cash Provided By Investing Activities	<u>8,131</u>	<u>212</u>	<u>395</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(3,220)	792	691
Cash and Cash Equivalents - Beginning of Year	129,764	3,025	5,951
Cash and Cash Equivalents - End of Year	<u>\$ 126,544</u>	<u>\$ 3,817</u>	<u>\$ 6,642</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts			
Pooled Cash/Investments	\$ 126,489	\$ 3,767	\$ 6,642
Imprest Cash Funds	55	50	--
Total Cash and Cash Equivalents	<u>\$ 126,544</u>	<u>\$ 3,817</u>	<u>\$ 6,642</u>

County Indemnity Health Plans	Workers' Compensation	Property & Casualty Risk
\$ (1,241)	\$ (9,301)	\$ (8,959)
3	--	--
4	--	--
69	21	(207)
--	--	--
--	--	--
--	583	(28)
--	2	3
(8)	(2)	(17)
--	--	--
(676)	11,656	(3,045)
--	9	12
--	--	--
<u>(608)</u>	<u>12,269</u>	<u>(3,282)</u>
<u>(1,849)</u>	<u>2,968</u>	<u>(12,241)</u>
--	--	--
--	--	--
--	(6)	--
--	--	--
--	--	--
--	--	--
--	(6)	--
2,124	593	4,074
<u>2,124</u>	<u>593</u>	<u>4,074</u>
275	3,555	(8,167)
32,446	9,639	66,939
<u>\$ 32,721</u>	<u>\$ 13,194</u>	<u>\$ 58,772</u>
\$ 32,721	\$ 13,194	\$ 58,767
--	--	5
<u>\$ 32,721</u>	<u>\$ 13,194</u>	<u>\$ 58,772</u>

Cash Flows From Operating Activities:
Operating Income (Loss)
Adjustments to Reconcile Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities:
Depreciation
(Increases) Decreases In:
Accounts Receivable
Due From Other Funds
Due From Other Governmental Agencies
Inventory of Materials and Supplies
Increases (Decreases) In:
Accounts Payable
Salaries and Employee Benefits Payable
Due to Other Funds
Due to Other Governmental Agencies
Insurance Claims Payable
Compensated Employee Absences Payable
Deferred Revenue
Total Adjustments
Net Cash Provided (Used) by Operating Activities

Cash Flows From Noncapital Financing Activities:
Operating Transfers Out
Net Cash Used By Noncapital Financing Activities

Cash Flows From Capital and Related Financing Activities:
Acquisition of Capital Assets
Contributed Capital
Operating Transfers In
Proceeds From Sale of Fixed Assets
Net Cash Used By Capital and Related
Financing Activities

Cash Flows From Investing Activities:
Interest on Investments
Net Cash Provided By Investing Activities

Net Increase (Decrease) In Cash and Cash Equivalents
Cash and Cash Equivalents - Beginning of Year
Cash and Cash Equivalents - End of Year

Reconciliation of Cash and Cash Equivalents to
Balance Sheet Accounts
Pooled Cash/Investments
Imprest Cash Funds
Total Cash and Cash Equivalents

(Continued)

COUNTY OF ORANGE
COMBINING STATEMENT OF CASH FLOWS (Cont'd)
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	<u>Transportation</u>	<u>Publishing Services</u>	<u>Telephone</u>
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ (317)	\$ (115)	\$ 574
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	3,158	30	1,395
(Increases) Decreases In:			
Accounts Receivable	(11)	1	1
Due From Other Funds	(1,894)	9	135
Due From Other Governmental Agencies	2	(14)	22
Inventory of Materials and Supplies	(9)	21	--
Increases (Decreases) In:			
Accounts Payable	(14)	(66)	(505)
Salaries and Employee Benefits Payable	(8)	3	(7)
Due to Other Funds	15	(61)	(6)
Due to Other Governmental Agencies	--	(27)	--
Insurance Claims Payable	--	--	--
Compensated Employee Absences Payable	21	5	(19)
Deferred Revenue	--	--	(369)
Total Adjustments	<u>1,260</u>	<u>(99)</u>	<u>647</u>
Net Cash Provided (Used) by Operating Activities	<u>943</u>	<u>(214)</u>	<u>1,221</u>
Cash Flows From Noncapital Financing Activities:			
Operating Transfers Out	<u>(755)</u>	<u>--</u>	<u>--</u>
Net Cash Used By Noncapital Financing Activities	<u>(755)</u>	<u>--</u>	<u>--</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition of Capital Assets	(2,562)	(221)	(640)
Contributed Capital	128	--	--
Operating Transfers In	905	--	--
Proceeds From Sale of Fixed Assets	<u>96</u>	<u>--</u>	<u>--</u>
Net Cash Used By Capital and Related Financing Activities	<u>(1,433)</u>	<u>(221)</u>	<u>(640)</u>
Cash Flows From Investing Activities:			
Interest on Investments	<u>316</u>	<u>119</u>	<u>298</u>
Net Cash Provided By Investing Activities	<u>316</u>	<u>119</u>	<u>298</u>
Net Increase (Decrease) In Cash and Cash Equivalents	(929)	(316)	879
Cash and Cash Equivalents - Beginning of Year	4,843	2,102	4,819
Cash and Cash Equivalents - End of Year	<u>\$ 3,914</u>	<u>\$ 1,786</u>	<u>\$ 5,698</u>
Reconciliation of Cash and Cash Equivalents to Balance Sheet Accounts			
Pooled Cash/Investments	\$ 3,914	\$ 1,786	\$ 5,698
Imprest Cash Funds	--	--	--
Total Cash and Cash Equivalents	<u>\$ 3,914</u>	<u>\$ 1,786</u>	<u>\$ 5,698</u>

TRUST AND AGENCY FUNDS

Trust and Agency funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the County. When these accounts are held under a formal trust agreement, a trust fund is used. Agency funds are generally used to account for assets that the County holds on behalf of others as their agent.

Trust Funds

Nonexpendable Trust

Regional Park Endowment

This fund is used to account for costs associated with the repair and maintenance of a proposed mitigation area in Limestone Regional Park, in conjunction with the construction of the Foothill/Eastern Transportation Corridor.

Pension Trust

Defined Benefit Retirement Plan

This fund is used to account for a retirement plan for employees performing services on the basis of less than half-time or as extra help. The eligible employees of this plan are not covered by the Orange County Employees Retirement System.

Investment Trust

Investment Pool

These funds are used to account for assets, consisting primarily of cash and investments, of separate legal entities, other than school districts, who participate in the County Treasurer's external investment pool.

Educational Investment Pool

These funds are used to account for assets, consisting primarily of cash and investments, of school districts who participate in the County Treasurer's external Money Market Educational Investment Pool.

Agency Funds

Unapportioned Tax and Interest Funds

This group of funds is used to account for the collection of property taxes, and later distribution of such taxes, as well as the interest earned on them. Included are taxes collected by the County for other governmental units using the County treasury, as well as governmental units not using the County treasury, such as cities.

Clearing and Revolving Funds

This group of funds is used to facilitate the cashing of County checks at banks and as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

Departmental Funds

This group of funds is used by certain County officers to hold various types of cash receipts and deposits in a fiduciary capacity. Disbursements are made from these funds by checks issued by the County Auditor-Controller upon requisition of the responsible officer.

**COUNTY OF ORANGE
COMBINING BALANCE SHEET
ALL TRUST AND AGENCY FUNDS
JUNE 30, 2001
(In Thousands)**

	Total	Nonexpendable Trust Fund	Pension Trust Fund	Investment Trust Funds
		Regional Park Endowment	Defined Benefit Retirement Plan	Investment Pool
ASSETS				
Pooled Cash/Investments	\$ 1,944,760	\$ 228	\$ 3,424	\$ 154,664
Imprest Cash Funds	100	--	--	--
Restricted Cash and Investments with Trustee	45,365	--	--	--
Investments	1,271	--	--	--
Deposits In-Lieu of Cash	14,320	--	--	--
Receivables				
Accounts	11,500	--	--	--
Taxes	151,318	--	--	--
Interest/Dividends	44,204	--	--	--
Notes	7,218	--	--	--
Allowance For Uncollectible Receivables	(11)	--	--	--
Due from Other Funds	24,741	3	44	18,376
Due from Other Governmental Agencies	67,457	--	--	--
Total Assets	<u>\$ 2,312,243</u>	<u>\$ 231</u>	<u>\$ 3,468</u>	<u>\$ 173,040</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 3,681	\$ --	\$ --	\$ --
Salaries and Employee Benefits Payable	40	--	--	--
Deposits from Others	9,769	156	--	--
Monies Held for Others	318,512	--	--	--
Due to Other Funds	164,623	--	--	4,489
Due to Component Unit	1,254	--	--	--
Due to Other Governmental Agencies	26,273	--	--	--
Unapportioned Taxes	230,080	--	--	--
Total Liabilities	<u>754,232</u>	<u>156</u>	<u>--</u>	<u>4,489</u>
Fund Balances				
Reserved				
Employees' Retirement	3,468	--	3,468	--
External Investment Pools	1,554,468	--	--	168,551
General Reserve	54	54	--	--
Unreserved				
Undesignated	21	21	--	--
Total Fund Balances	<u>1,558,011</u>	<u>75</u>	<u>3,468</u>	<u>168,551</u>
Total Liabilities and Fund Balances	<u>\$ 2,312,243</u>	<u>\$ 231</u>	<u>\$ 3,468</u>	<u>\$ 173,040</u>

Investment Trust Funds	Agency Funds			
Educational Investment Pool	Unapportioned Tax & Interest Funds	Clearing and Revolving Funds	Departmental Funds	
\$ 1,368,856	\$ 88,650	\$ 419	\$ 328,519	ASSETS
--	--	--	100	Pooled Cash/Investments
--	--	2,794	42,571	Imprest Cash Funds
--	--	--	1,271	Restricted Cash and Investments with Trustee
--	--	--	14,320	Investments
--	10,980	38	482	Deposits In-Lieu of Cash
--	151,151	--	167	Receivables
17,034	27,144	--	26	Accounts
--	--	--	7,218	Taxes
--	--	(8)	(3)	Interest/Dividends
27	--	4,943	1,348	Notes
--	182	--	67,275	Allowance For Uncollectible Receivables
<u>\$ 1,385,917</u>	<u>\$ 278,107</u>	<u>\$ 8,186</u>	<u>\$ 463,294</u>	Due from Other Funds
				Due from Other Governmental Agencies
				Total Assets
				 LIABILITIES AND FUND BALANCES
\$ --	\$ --	\$ 411	\$ 3,270	Liabilities
--	--	--	40	Accounts Payable
--	--	2,794	6,819	Salaries and Employee Benefits Payable
--	2,549	4,981	310,982	Deposits from Others
--	26,244	--	133,890	Monies Held for Others
--	1,254	--	--	Due to Other Funds
--	17,980	--	8,293	Due to Component Unit
--	230,080	--	--	Due to Other Governmental Agencies
<u>--</u>	<u>278,107</u>	<u>8,186</u>	<u>463,294</u>	Unapportioned Taxes
				Total Liabilities
				Fund Balances
--	--	--	--	Reserved
1,385,917	--	--	--	Employees' Retirement
--	--	--	--	External Investment Pools
--	--	--	--	General Reserve
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	Unreserved
1,385,917	--	--	--	Undesignated
				Total Fund Balances
<u>\$ 1,385,917</u>	<u>\$ 278,107</u>	<u>\$ 8,186</u>	<u>\$ 463,294</u>	Total Liabilities and Fund Balances

**COUNTY OF ORANGE
 COMBINING STATEMENT OF NET ASSETS
 PENSION AND INVESTMENT TRUST FUNDS
 JUNE 30, 2001
 (In Thousands)**

	Total	Pension Trust Fund	Investment Trust Funds	
		Defined Benefit Retirement Plan	Investment Pool	Educational Investment Pool
<u>ASSETS</u>				
Pooled Cash/Investments	\$ 1,526,944	\$ 3,424	\$ 154,664	\$ 1,368,856
Interest/Dividends Receivable	17,034	--	--	17,034
Due from Other Funds	18,447	44	18,376	27
Total Assets	<u>1,562,425</u>	<u>3,468</u>	<u>173,040</u>	<u>1,385,917</u>
<u>LIABILITIES</u>				
Due to Other Funds	<u>4,489</u>	<u>--</u>	<u>4,489</u>	<u>--</u>
Total Liabilities	<u>4,489</u>	<u>--</u>	<u>4,489</u>	<u>--</u>
Net Assets Held in Trust	<u>\$ 1,557,936</u>	<u>\$ 3,468</u>	<u>\$ 168,551</u>	<u>\$ 1,385,917</u>

COUNTY OF ORANGE
COMBINING STATEMENT OF CHANGES IN NET ASSETS
PENSION AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

	Total	Pension Trust Fund	Investment Trust Funds	
		Defined Benefit Retirement Plan	Investment Pool	Educational Investment Pool
Additions:				
Employee Contributions	\$ 1,038	\$ 1,038	\$ --	\$ --
Contributions to Pooled Investments	5,922,746	--	660,389	5,262,357
Interest and Investment Income	81,044	188	7,720	73,136
Less: Investment Expense	(1,520)	(3)	(111)	(1,406)
Total Additions	6,003,308	1,223	667,998	5,334,087
Deductions:				
Refunds of Prior Contributions	463	463	--	--
Distributions from Pooled Investments	5,806,795	--	657,944	5,148,851
Total Deductions	5,807,258	463	657,944	5,148,851
Net Increase	196,050	760	10,054	185,236
Net Assets Held in Trust, Beginning of Year	1,361,886	2,708	158,497	1,200,681
Net Assets Held in Trust, End of Year	\$ 1,557,936	\$ 3,468	\$ 168,551	\$ 1,385,917

**COUNTY OF ORANGE
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)**

<u>UNAPPORTIONED TAX AND INTEREST FUNDS</u>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 102,550	\$ 3,504,474	\$ 3,518,374	\$ 88,650
Receivables				
Accounts	11,761	10,979	11,760	10,980
Taxes	128,584	8,350,063	8,327,496	151,151
Interest	24,880	138,961	136,697	27,144
Due from Other Funds	5	30,612	30,617	--
Due from Other Governmental Agencies	88	496	402	182
Total Assets	<u>\$ 267,868</u>	<u>\$ 12,035,585</u>	<u>\$ 12,025,346</u>	<u>\$ 278,107</u>
LIABILITIES				
Accounts Payable	\$ 1	\$ 57,428	\$ 57,429	\$ --
Monies Held for Others	902	23,822	22,175	2,549
Due to Other Funds	38,855	153,788	166,399	26,244
Due to Component Unit	934	1,254	934	1,254
Due to Other Governmental Agencies	18,447	52,969	53,436	17,980
Unapportioned Taxes	208,729	3,647,376	3,626,025	230,080
Total Liabilities	<u>\$ 267,868</u>	<u>\$ 3,936,637</u>	<u>\$ 3,926,398</u>	<u>\$ 278,107</u>
 CLEARING AND REVOLVING FUNDS				
ASSETS				
Pooled Cash/Investments	\$ 512	\$ 385,394	\$ 385,487	\$ 419
Restricted Cash and Investments with Trustee	2,342	2,794	2,342	2,794
Receivables				
Accounts	55	38	55	38
Allowance for Uncollectible Receivables	(18)	18	8	(8)
Due from Other Funds	4,492	4,949	4,498	4,943
Total Assets	<u>\$ 7,383</u>	<u>\$ 393,193</u>	<u>\$ 392,390</u>	<u>\$ 8,186</u>
LIABILITIES				
Accounts Payable	\$ 510	\$ 42,896	\$ 42,995	\$ 411
Deposits From Others	2,342	2,794	2,342	2,794
Monies Held for Others	4,531	292,063	291,613	4,981
Total Liabilities	<u>\$ 7,383</u>	<u>\$ 337,753</u>	<u>\$ 336,950</u>	<u>\$ 8,186</u>

<u>DEPARTMENTAL FUNDS</u>	Balance Beginning of Year	Additions	Deductions	Balance End of Year
ASSETS				
Pooled Cash/Investments	\$ 269,422	\$ 2,069,266	\$ 2,010,169	\$ 328,519
Imprest Cash Funds	100	25	25	100
Restricted Cash and Investments with Trustee	43,200	28,423	29,052	42,571
Investments	1,436	1,356	1,521	1,271
Deposits In-Lieu of Cash	15,390	49,001	50,071	14,320
Receivables				
Accounts	464	81,805	81,787	482
Taxes	122	167	122	167
Interest	28	26	28	26
Deposits	--	11	11	--
Notes	7,468	400	650	7,218
Allowance for Uncollectible Receivables	(2)	33	34	(3)
Due from Other Funds	9,803	915,321	923,776	1,348
Due from Other Governmental Agencies	59,359	77,101	69,185	67,275
Total Assets	<u>\$ 406,790</u>	<u>\$ 3,222,935</u>	<u>\$ 3,166,431</u>	<u>\$ 463,294</u>

LIABILITIES				
Accounts Payable	\$ 1,302	\$ 296,238	\$ 294,270	\$ 3,270
Salaries and Employee Benefits Payable	40	2,139	2,139	40
Deposits From Others	27,756	15,226	36,163	6,819
Monies Held for Others	262,216	1,921,999	1,873,233	310,982
Due to Other Funds	107,293	236,849	210,252	133,890
Due to Other Governmental Agencies	8,074	550,838	550,619	8,293
Unapportioned Taxes	109	3,711	3,820	--
Total Liabilities	<u>\$ 406,790</u>	<u>\$ 3,027,000</u>	<u>\$ 2,970,496</u>	<u>\$ 463,294</u>

TOTAL - ALL AGENCY FUNDS

ASSETS				
Pooled Cash/Investments	\$ 372,484	\$ 5,959,134	\$ 5,914,030	\$ 417,588
Imprest Cash Funds	100	25	25	100
Restricted Cash and Investments with Trustee	45,542	31,217	31,394	45,365
Investments	1,436	1,356	1,521	1,271
Deposits In-Lieu of Cash	15,390	49,001	50,071	14,320
Receivables				
Accounts	12,280	92,822	93,602	11,500
Taxes	128,706	8,350,230	8,327,618	151,318
Interest	24,908	138,987	136,725	27,170
Deposits	--	11	11	--
Notes	7,468	400	650	7,218
Allowance for Uncollectible Receivables	(20)	51	42	(11)
Due from Other Funds	14,300	950,882	958,891	6,291
Due from Other Governmental Agencies	59,447	77,597	69,587	67,457
Total Assets	<u>\$ 682,041</u>	<u>\$ 15,651,713</u>	<u>\$ 15,584,167</u>	<u>\$ 749,587</u>

LIABILITIES				
Accounts Payable	\$ 1,813	\$ 396,562	\$ 394,694	\$ 3,681
Salaries and Employee Benefits Payable	40	2,139	2,139	40
Deposits from Others	30,098	18,020	38,505	9,613
Monies Held for Others	267,649	2,237,884	2,187,021	318,512
Due to Other Funds	146,148	390,637	376,651	160,134
Due to Component Unit	934	1,254	934	1,254
Due to Other Governmental Agencies	26,521	603,807	604,055	26,273
Unapportioned Taxes	208,838	3,651,087	3,629,845	230,080
Total Liabilities	<u>\$ 682,041</u>	<u>\$ 7,301,390</u>	<u>\$ 7,233,844</u>	<u>\$ 749,587</u>



GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for general fixed assets of the County other than those accounted for in the proprietary funds or similar trust funds. General fixed assets are not depreciated in the County's records.

COUNTY OF ORANGE
SCHEDULE OF GENERAL FIXED ASSETS BY SOURCE
GENERAL FIXED ASSETS ACCOUNT GROUP
JUNE 30, 2001
(In Thousands)

General Fixed Assets

Land	\$ 269,370
Structures and Improvements	642,212
Equipment	215,063
Construction in Progress	235,109
Total General Fixed Assets	<u>\$ 1,361,754</u>

Investment in General Fixed Assets

General Fund	\$ 450,927
Special Revenue Funds	309,275
Capital Projects Funds	410,700
Gifts and Donations	138,185
Other	52,667
Total Investment in General Fixed Assets	<u>\$ 1,361,754</u>

COUNTY OF ORANGE
SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
GENERAL FIXED ASSETS ACCOUNT GROUP
JUNE 30, 2001
(In Thousands)

<u>Function and Activity</u>	<u>Land</u>	<u>Structures & Improvements</u>	<u>Equipment</u>	<u>Total</u>
General Government:				
Legislative and Administrative	\$ --	\$ --	\$ 2,474	\$ 2,474
Finance	--	--	4,884	4,884
Counsel	--	--	624	624
Elections	--	--	1,780	1,780
Property Management	475	30,102	10	30,587
Plant Acquisition	20,968	248,437	552	269,957
Other General	224	28,894	42,373	71,491
Total General Government	<u>21,667</u>	<u>307,433</u>	<u>52,697</u>	<u>381,797</u>
Public Protection:				
Judicial	2,392	82,653	5,918	90,963
Police Protection	639	--	27,885	28,524
Detention and Correction	322	5,873	13,120	19,315
Protective Inspection	--	49	4,161	4,210
Other Protection	230,998	178,302	78,901	488,201
Total Public Protection	<u>234,351</u>	<u>266,877</u>	<u>129,985</u>	<u>631,213</u>
Public Ways and Facilities:				
Public Ways	1,677	1,411	10,640	13,728
Parking Facilities	--	--	398	398
Total Public Ways and Facilities	<u>1,677</u>	<u>1,411</u>	<u>11,038</u>	<u>14,126</u>
Health and Sanitation:				
Health	2,857	11,844	9,962	24,663
Total Health and Sanitation	<u>2,857</u>	<u>11,844</u>	<u>9,962</u>	<u>24,663</u>
Public Assistance:				
Administration	5,112	29,139	6,607	40,858
Other Assistance	57	109	679	845
Total Public Assistance	<u>5,169</u>	<u>29,248</u>	<u>7,286</u>	<u>41,703</u>
Education:				
Library Services	2,336	19,593	3,865	25,794
Total Education	<u>2,336</u>	<u>19,593</u>	<u>3,865</u>	<u>25,794</u>
Recreational and Cultural Services:				
Small Craft Harbors	1,313	5,806	230	7,349
Total Recreational and Cultural Services	<u>1,313</u>	<u>5,806</u>	<u>230</u>	<u>7,349</u>
General Fixed Assets Allocated to Functions	<u>\$ 269,370</u>	<u>\$ 642,212</u>	<u>\$ 215,063</u>	1,126,645
Construction in Progress				<u>235,109</u>
Total General Fixed Assets				<u>\$ 1,361,754</u>

COUNTY OF ORANGE
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
GENERAL FIXED ASSETS ACCOUNT GROUP
FOR THE YEAR ENDED JUNE 30, 2001
(In Thousands)

<u>Function and Activity</u>	<u>General Fixed Assets Beginning of Year</u>	<u>Additions</u>	<u>Retirements</u>	<u>General Fixed Assets End of Year</u>
General Government:				
Legislative and Administrative	\$ 2,719	\$ 18	\$ 263	\$ 2,474
Finance	6,137	185	1,438	4,884
Counsel	624	--	--	624
Elections	1,780	--	--	1,780
Property Management	30,587	--	--	30,587
Plant Acquisition	261,774	8,207	24	269,957
Other General	52,627	26,701	7,837	71,491
Total General Government	356,248	35,111	9,562	381,797
Public Protection:				
Judicial	88,602	2,361	--	90,963
Police Protection	20,810	7,947	233	28,524
Detention and Correction	16,838	2,904	427	19,315
Protective Inspection	3,669	576	35	4,210
Other Protection	478,128	12,213	2,140	488,201
Total Public Protection	608,047	26,001	2,835	631,213
Public Ways and Facilities:				
Public Ways	15,644	1,222	3,138	13,728
Parking Facilities	398	--	--	398
Total Public Ways and Facilities	16,042	1,222	3,138	14,126
Health and Sanitation:				
Health	23,271	1,602	210	24,663
Total Health and Sanitation	23,271	1,602	210	24,663
Public Assistance:				
Administration	36,066	4,858	66	40,858
Other Assistance	811	50	16	845
Total Public Assistance	36,877	4,908	82	41,703
Education:				
Library Services	25,748	67	21	25,794
Total Education	25,748	67	21	25,794
Recreational and Cultural Services:				
Small Craft Harbors	7,351	17	19	7,349
Total Recreational and Cultural Services	7,351	17	19	7,349
Construction in Progress	211,943	37,748	14,582	235,109
Total General Fixed Assets	\$ 1,285,527	\$ 106,676	\$ 30,449	\$ 1,361,754

STATISTICAL SECTION
(UNAUDITED)

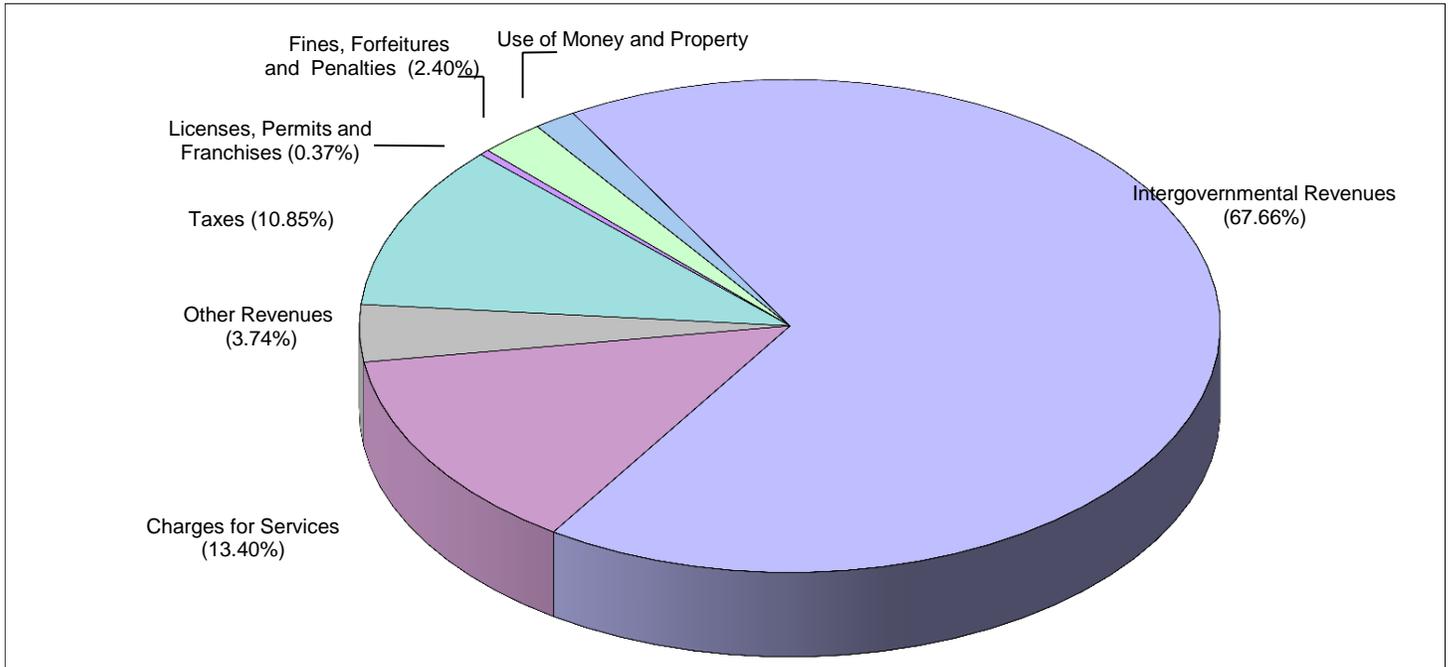
Statistical Section disclosures differ from financial statements because they usually cover more than one fiscal year and may present non-accounting data. These schedules reflect social and economic data and financial trends of the County.

A table denoting Special Assessment Billings and Collections is not included herein because the County is not obligated in any manner for special assessment debt.

**COUNTY OF ORANGE
GENERAL GOVERNMENTAL REVENUES BY SOURCE
GENERAL FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)**

Fiscal Year	Taxes	Licenses, Permits and Franchises	Fines, Forfeitures and Penalties	Use of Money and Property	Investment Pool Loss	Inter-Governmental Revenues	Charges for Services	Other Revenues	Total Revenues
1991-92	\$ 282,620	\$ 5,922	\$ 13,744	\$ 43,129	\$ --	\$ 703,498	\$ 212,357	\$ 20,546	\$ 1,281,816
1992-93	261,095	5,441	10,838	70,571	--	742,762	207,540	27,372	1,325,619
1993-94	168,655	5,861	35,712	81,107	--	916,075	208,771	35,256	1,451,437
1994-95	110,123	5,612	39,600	89,291	(24,099)	984,801	226,142	44,322	1,475,792
1995-96	109,735	6,195	26,624	42,727	--	921,034	249,033	64,831	1,420,179
1996-97	158,782	6,388	16,797	14,578	--	924,068	250,518	85,524	1,456,655
1997-98	168,142	6,642	31,588	16,621	--	931,203	205,329	47,263	1,406,788
1998-99	178,037	7,185	37,628	15,021	--	993,162	223,439	71,223	1,525,695
1999-00	191,377	6,823	37,856	25,688	--	1,078,771	233,485	77,423	1,651,423
2000-01	200,836	6,853	44,365	29,277	--	1,252,681	248,113	69,267	1,851,392

**GENERAL GOVERNMENTAL REVENUES BY SOURCE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2001**

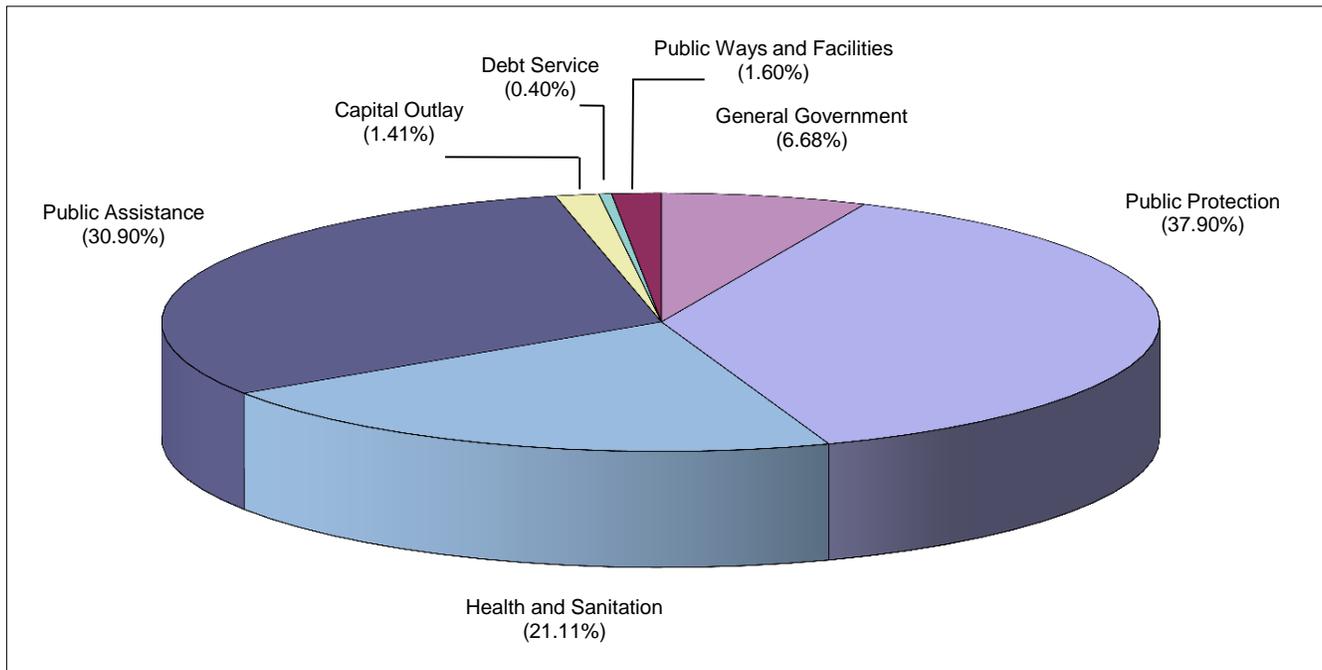


Source: Auditor-Controller, County of Orange.

**COUNTY OF ORANGE
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
GENERAL FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)**

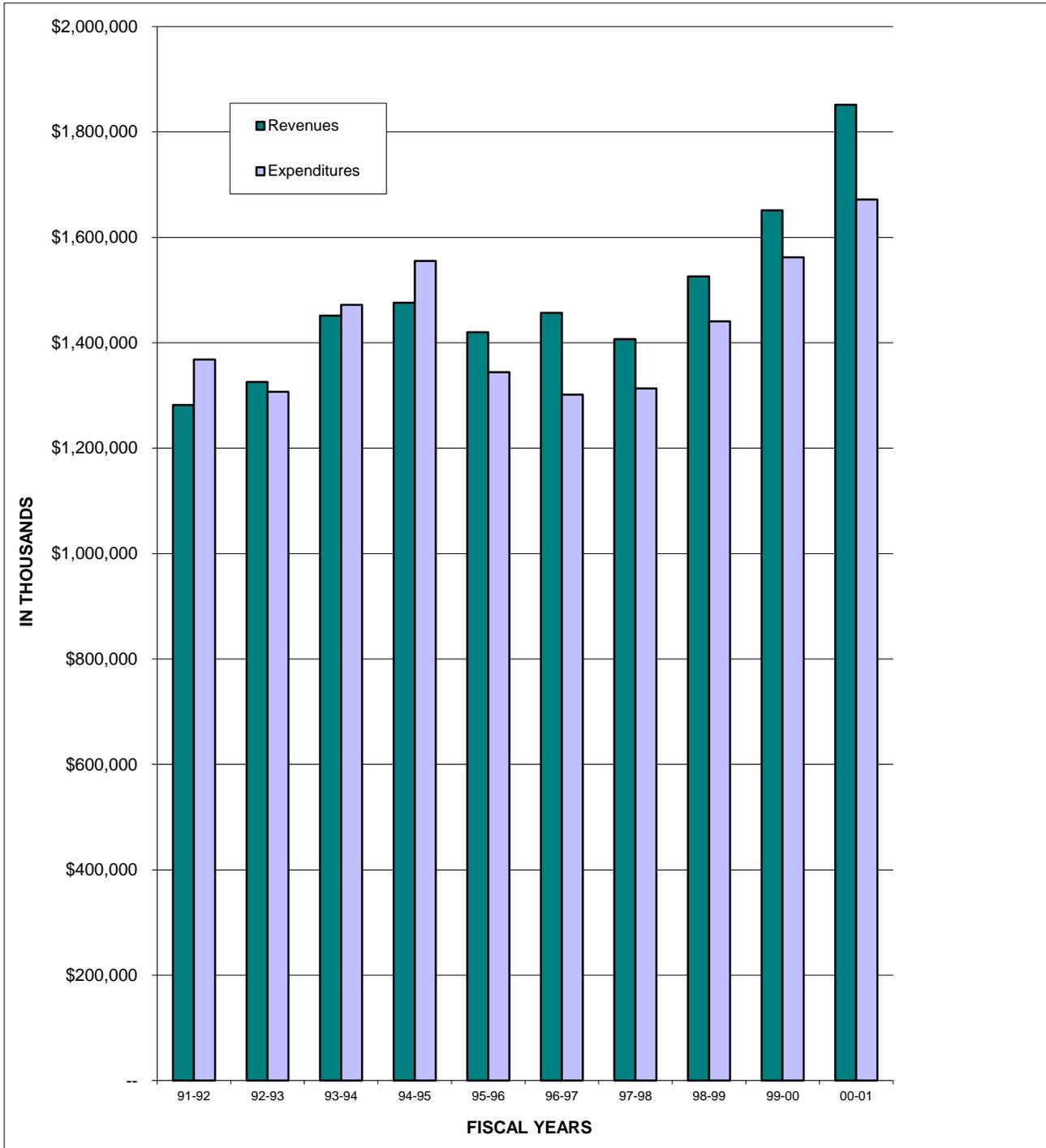
Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Capital Outlay	Debt Service	Total Expenditures
1991-92	\$ 135,349	\$ 460,681	\$ --	\$ 232,616	\$ 432,076	\$ 89,664	\$ 17,733	\$ 1,368,119
1992-93	116,959	465,026	--	216,306	481,192	19,969	7,533	1,306,985
1993-94	178,026	502,269	--	225,356	508,691	15,709	41,959	1,472,010
1994-95	126,065	514,340	--	222,733	533,194	22,935	135,806	1,555,073
1995-96	123,511	433,499	--	230,104	514,122	11,759	31,335	1,344,330
1996-97	103,371	455,608	--	248,030	482,080	11,293	959	1,301,341
1997-98	127,457	444,780	21,515	257,661	444,671	16,734	520	1,313,338
1998-99	108,074	547,084	21,283	283,014	453,923	19,404	7,673	1,440,455
1999-00	107,525	593,713	24,734	308,379	479,487	39,282	8,736	1,561,856
2000-01	111,635	633,515	26,707	352,972	516,572	23,612	6,743	1,671,756

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2001**



Source: Auditor-Controller, County of Orange.

**COUNTY OF ORANGE
COMPARISON OF GENERAL GOVERNMENTAL REVENUES TO EXPENDITURES
GENERAL FUND
LAST TEN FISCAL YEARS**



Source: Auditor-Controller, County of Orange.

**COUNTY OF ORANGE
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)**

Fiscal Year	Secured Tax Levy	Unsecured Tax Levy	Total Tax Levy	Total Tax Collections through June 30	Outstanding Delinquent Taxes	Ratio of Delinquency to Tax Levy
1991-92	\$ 229,982	\$ 18,218	\$ 248,200	\$ 237,443	\$ 10,757	4.33%
1992-93	224,726	17,613	242,339	231,105	11,234	4.64%
1993-94 *	93,369	6,336	99,705	96,507	3,198	3.21%
1994-95	91,911	6,284	98,195	95,376	2,819	2.87%
1995-96	89,886	5,846	95,732	93,712	2,020	2.11%
1996-97	90,732	5,600	96,332	94,320	2,012	2.09%
1997-98	92,924	6,138	99,062	97,471	1,591	1.61%
1998-99	97,631	6,204	103,835	102,145	1,690	1.63%
1999-00	105,999	6,580	112,579	111,039	1,539	1.37%
2000-01	113,939	6,694	120,633	118,713	1,920	1.59%

This schedule reflects delinquent taxes on a pre-teeter basis.

* Beginning in 1993-94, levies and collections decreased due to a shift of property tax revenues from cities, counties, and special districts to education. In 1993, the Orange County Street Lighting Assessment District (OCSLAD) dissolved; therefore, the County General fund includes monies resulting from the dissolution of the OCSLAD.

Source: Auditor-Controller, County of Orange.

COUNTY OF ORANGE
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Fiscal Year	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value
1991-92	\$ 156,946,654	\$ 13,204,482	\$ 170,151,136
1992-93	165,318,080	13,216,054	178,534,134
1993-94	166,543,038	12,218,375	178,761,413
1994-95	165,693,754	11,281,190	176,974,944
1995-96	165,339,529	11,417,630	176,757,159
1996-97	165,537,053	11,763,610	177,300,663
1997-98	169,865,047	12,419,270	182,284,317
1998-99	179,516,778	13,108,961	192,625,739
1999-00	195,323,009	13,813,464	209,136,473
2000-01	213,564,809	14,983,492	228,548,301

Assessed value is stated at taxable full cash value.

Source: Auditor-Controller, County of Orange.

COUNTY OF ORANGE
AVERAGE PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
TAX RATES (PER \$100 OF ASSESSED VALUE)
TEN FISCAL YEARS

Year Ended June 30	County-Wide Basic Levy - Operating	County, Cities, Schools, & Special Districts- Miscellaneous Debt Service	Sanitation Districts- Debt Service	California Water Districts- Debt Service	Total
1993	1.00000	0.03775	0.00105	0.24804	1.28684
1994	1.00000	0.03276	0.00104	0.21744	1.25124
1995	1.00000	0.02956	0.00007	0.30129	1.33092
1996	1.00000	0.02770	0.00018	0.20573	1.23361
1997	1.00000	0.02499	0.00009	0.19497	1.22005
1998	1.00000	0.02421	0.00009	0.22923	1.25353
1999	1.00000	0.02281	0.00020	0.15771	1.18072
2000	1.00000	0.02206	0.00000	0.13342	1.15548
2001	1.00000	0.02427	0.00000	0.11645	1.14072
2002	1.00000	0.01902	0.00000	0.10925	1.12827

Tax rates shown are based on a County-Wide average. Most areas of Orange County only have the Basic Levy and Miscellaneous Debt Service tax rates, while South Orange County has these and California Water District tax rates.

Source: Auditor-Controller, County of Orange.

**COUNTY OF ORANGE
PRINCIPAL TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2001
(Dollars In Thousands)**

(A) Ten Largest Secured Taxpayers	(B) Type of Business	(A) Secured Taxes Paid	Percentage of Secured Taxes Paid to Total Secured Tax Collections (\$2,412,889) (A)
The Irvine Company	Property Management and Development	\$ 40,103	1.66 %
Irvine Apartment Communities	Real Estate Development	17,366	0.72
The Walt Disney Company	Entertainment	16,107	0.67
Southern California Edison	Public Utility	13,748	0.57
Pacific Bell	Public Utility	12,581	0.52
Walt Disney World	Entertainment	9,101	0.38
Rockwell Semiconductor Systems	Manufacturing	6,493	0.27
United Laguna Hills	Real Estate Development	4,758	0.20
Boeing	Aerospace	4,568	0.19
Irvine Company of W VA	Real Estate Development	4,154	0.17
		<u>\$ 128,979</u>	<u>5.35 %</u>

(A) Ten Largest Unsecured Taxpayers	(B) Type of Business	(A) Unsecured Taxes Paid	Percentage of Unsecured Taxes Paid to Total Unsecured Tax Collections (\$158,852) (A)
Ralphs Grocery Co.	Food Industry	\$ 3,638	2.29 %
Cox Communications	Cable Television	3,027	1.91
American Airlines	Transportation	1,593	1.00
Cambro Manufacturing	Manufacturing	1,575	0.99
Northwest Airlines	Transportation	1,571	0.99
Albertson's Inc.	Food Industry	1,105	0.70
America West Airlines	Transportation	979	0.62
Ricoh Electronics	Electronics	950	0.60
United Airlines	Transportation	948	0.60
KBL Cable Systems of the South	Cable Communications	911	0.57
		<u>\$ 16,297</u>	<u>10.27 %</u>

Sources:

(A) Treasurer-Tax Collector, County of Orange.

(B) Assessor, County of Orange.

COUNTY OF ORANGE
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS
(Dollars In Thousands Except As Noted)

Fiscal Year	(1, A) Population	(2, B) Assessed Value	(3, B) Gross General Obligation Bonded Debt	(4) Less Equity In Debt Service Funds	Net General Obligation Bonded Debt	Ratio of Net General Obligation Bonded Debt to Assessed Value	(5) Net General Obligation Bonded Debt Per Capita
1991-92	2,512	\$ 170,151,136	\$ 5,975	\$ 1,017	\$ 4,958	0.003 %	\$ 1.97
1992-93	2,557	178,534,134	4,585	1,033	3,552	0.002	1.39
1993-94	2,597	178,761,413	3,195	1,084	2,111	0.001	0.81
1994-95	2,641	176,974,944	1,795	801	994	0.001	0.38
1995-96	2,624	176,757,159	395	190	205	0.000	0.08
1996-97	2,659	177,300,663	200	240	-- *	0.000	0.00
1997-98	2,722	182,284,317	--	39	-- *	0.000	0.00
1998-99	2,776	192,625,739	--	43	-- *	0.000	0.00
1999-00	2,828	209,136,473	--	--	-- *	0.000	0.00
2000-01	2,926	228,548,301	--	--	-- *	0.000	0.00

- (1) Population is given in thousands at January 1 of the fiscal years listed.
- (2) Assessed Value is stated at taxable full cash value.
- (3) Gross Bonded Debt includes the bonded indebtedness of County Improvement Serial Bonds.
- (4) Equity in Debt Service Fund includes County Improvement Serial Bonds.
- (5) Not in thousands of dollars.
- * Adjusted to zero.

Sources:

- (A) Center for Demographic Research, California State University Fullerton.
- (B) Auditor-Controller, County of Orange.

**COUNTY OF ORANGE
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(Dollars In Thousands Except As Noted)**

Fiscal Year	(1) Assessed Value	(2) Legal Debt Limit	(3) Net General Obligation Bonded Debt	(4) Legal Debt Margin
1991-92	\$ 170,151,136	\$ 2,126,889	\$ 4,958	\$ 2,121,931
1992-93	178,534,134	2,231,677	3,552	2,228,125
1993-94	178,761,413	2,234,518	2,111	2,232,407
1994-95	176,974,944	2,212,187	994	2,211,193
1995-96	176,757,159	2,209,464	205	2,209,259
1996-97	177,300,663	2,216,258	-- *	2,216,258
1997-98	182,284,317	2,278,554	-- *	2,278,554
1998-99	192,625,739	2,407,822	-- *	2,407,822
1999-00	209,136,473	2,614,206	-- *	2,614,206
2000-01	228,548,301	2,856,854	-- *	2,856,854

(1) Assessed Value is stated at taxable full cash value.

(2) Legal Debt Limit is 1.25% of Assessed Value.

(3) The calculation for Net General Obligation Bonded Debt is found on prior page.

(4) Legal Debt Margin is computed by subtracting Net Bonded Debt from the Legal Debt Limit.

* Adjusted to zero.

Source: Auditor-Controller, County of Orange.

COUNTY OF ORANGE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
GENERAL FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Fiscal Year	Principal	Interest	(1) Total Debt Service Expenditures	(2) Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1991-92	\$ 1,380	\$ 212	\$ 1,592	\$ 1,368,119	0.116
1992-93	1,390	162	1,552	1,306,985	0.119
1993-94	1,390	116	1,506	1,472,010	0.102
1994-95	1,400	58	1,458	1,555,073	0.094
1995-96	1,400	33	1,433	1,344,330	0.107
1996-97	195	5	200	1,301,341	0.015
1997-98	200	2	202	1,313,338	0.015
1998-99	--	--	--	1,440,455	0.000
1999-00	--	--	--	1,561,856	0.000
2000-01	--	--	--	1,671,756	0.000

(1) Total Debt Service Expenditures includes the principal and interest payments for the bonded indebtedness of County Improvement Serial Bonds.

(2) Total General Governmental Expenditures are those of the General Fund, as reported in the audited financial statements of the County of Orange.

Source: Auditor-Controller, County of Orange.

COUNTY OF ORANGE
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2001
(Dollars In Thousands)

2000-01 Assessed Valuation	\$ 228,548,301	(includes unitary utility valuation)	
Redevelopment Incremental Valuation	18,459,835		
Adjusted Assessed Valuation	<u>\$ 210,088,466</u>		
<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>Applicable</u>		<u>June 30, 2001</u>
Orange County Teeter Plan Obligations (Direct Debt)	100.000		\$ 125,225
Metropolitan Water District	20.967		110,597
Unified School Districts	100.000		121,579
School Districts	100.000		26,735
Irvine Ranch Water District Improvement Districts	100.000		275,200
Moulton-Niguel Water District Improvement Districts	100.000		73,857
Santa Margarita Water District Improvement Districts	100.000		227,300
Other Water Districts	100.000		24,710
Other Special Districts	100.000		890
Cities	100.000		38,830
Orange County Community Facilities Districts	100.000		570,175
Other Community Facilities Districts	100.000		891,829
City and Special District 1915 Act Bonds	100.000		763,856
County 1915 Act Bonds	100.000		134,910
Total Gross Direct and Overlapping Tax and Assessment Debt			<u>3,385,693</u>
Less: City of Seal Beach self-supporting bonds			60
Total Net Direct and Overlapping Tax and Assessment Debt			<u>3,385,633</u>
<u>Other Direct and Overlapping Debt:</u>			
Orange County General Fund Obligations (Direct Debt)	100.000 %		1,047,164 (1)
Orange County Pension Obligations (Direct Debt)	100.000		134,862 (1)
Orange County Transportation Authority	100.000		10,100
Orange County Water District Certificates of Participation	100.000		221,170
Municipal Water District of Orange Co. (MWDOC) Water Facilities Corporation	100.000		59,185
Orange County Sanitation District Certificates of Participation	100.000		167,770
Community College District Certificates of Participation	100.000		61,565
Unified School District Certificates of Participation	100.000		111,891
High School District Certificates of Participation	90.899-100.000		34,162
School District Certificates of Participation	100.000		17,051
Irvine Ranch Water District Certificates of Participation	100.000		54,400
Moulton-Niguel Water District Certificates of Participation	100.000		38,525
Other Special District Certificates of Participation	100.000		6,595
City of Anaheim General Fund Obligations	100.000		712,434
Other City General Fund Obligations	100.000		508,970
Total Gross Other Direct and Overlapping Bonded Debt			<u>3,185,844</u>
Less: Orange County Transportation Authority (80% self-supporting)			8,080
O.C. Water Dist. Certificates of Participation (100% self-supporting)			221,170
MWDOC Water Facilities Corporation (100% self-supporting)			59,185
City of Anaheim self-supporting obligations (100% self-supporting)			668,154
Other city authority self-supporting bonds			24,918
Total Net Other Direct and Overlapping Bonded Debt			<u>2,204,336</u>
Gross Combined Total Debt			<u>\$ 6,571,538 (2)</u>
Net Combined Total Direct and Overlapping Bonded Debt			<u>\$ 5,589,970</u>

(1) Excludes accreted values. The County currently has General Fund and Pension Obligations that include capital appreciation bonds.

(2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue, and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2000-01 Assessed Valuation:

Direct Debt	\$ 125,225	0.05 %
Total Gross Direct and Overlapping Tax and Assessment Debt		1.48 %
Total Net Direct and Overlapping Tax and Assessment Debt		1.48 %

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt	\$ 1,307,251	0.62 %
Gross Combined Total Debt		3.13 %
Net Combined Total Debt		2.66 %

State School Building Aid Repayable as of June 30, 2001: \$ 27,526

Source: California Municipal Statistics, Inc.

COUNTY OF ORANGE
REVENUE BOND COVERAGE - AIRPORT ENTERPRISE FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Year Ended June 30	(A) Gross Revenue	(A) Operating Expenses	Net Revenue Available for Debt Service	(B) Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	\$ 59,987	\$ 33,124	\$ 26,863	\$ 965	\$ 19,151	\$ 20,116 (1)	1.3
1993	62,760	38,703	24,057	1,245	19,071	20,316	1.2
1994	65,850	35,729	30,121	1,525	18,191	19,716 (2)	1.5
1995	67,163	38,477	28,686	2,725	17,681	20,406	1.4
1996	66,304	38,824	27,480	3,285	17,473	20,758	1.3
1997	69,554	41,266	28,288	4,805	18,726	23,531 (3,4)	1.2
1998	71,220	42,055	29,165	4,980	11,603	16,583 (5)	1.8
1999	69,097	43,273	25,824	8,770	11,197	19,967	1.3
2000	76,263	45,077	31,186	9,315	10,768	20,083	1.6
2001	82,101	47,640	34,461	9,680	10,290	19,970	1.7

(1) The Airport Enterprise Fund incurred debt service requirements beginning in 1987-88, relating to the revenue bonds issued on July 23, 1987. Most 1987-88, 1988-89 and 1989-90 interest expense was offset against related interest revenue and the net interest expense was capitalized. In October 1990, the Airport issued Certificates of Participation. Interest and principal payments are included in this schedule through June 30, 1996.

(2) On July 1, 1993, the Airport Enterprise Fund refunded \$68,440 of the 1987 revenue bonds and issued \$79,755 in revenue bonds (1993 issue). Interest and principal payments are included in this schedule.

(3) On July 1, 1996, the Airport Enterprise Fund fully redeemed the outstanding 1990 Certificates of Participation utilizing existing Airport reserves.

(4) On April 2, 1997, the Airport Enterprise Fund refunded \$131,490 of the 1987 revenue bonds and issued \$135,050 in revenue bonds (1997 issue). Interest and principal payments are included in this schedule.

(5) On July 1, 1997, the Airport Enterprise Fund fully redeemed the outstanding 1987 revenue bonds utilizing existing Airport reserves.

Sources:

(A) Airport Enterprise Fund, as reported in the audited financial statements of the County of Orange.

(B) John Wayne Airport Accounting.

COUNTY OF ORANGE
REVENUE BOND COVERAGE - INTEGRATED WASTE MANAGEMENT ENTERPRISE FUND
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Year Ended June 30	(A) Gross Revenue	(A) Operating Expenses	Net Revenue Available for Debt Service	(B) Debt Service Requirements			Coverage
				Principal	Interest	Total	
1992	\$ 92,831	\$ 64,355	\$ 28,476	\$ 1,540	\$ 6,699	\$ 8,239	3.5
1993	94,833	48,143	46,690	1,645	6,596	8,241	5.7
1994	99,436	60,811	38,625	1,755	6,484	8,239	4.7
1995	78,781	48,698	30,083	1,880	6,362	8,242	3.6
1996	88,745	52,136	36,609	2,010	6,228	8,238	4.4
1997	93,709	47,798	45,911	2,160	6,084	8,244	5.6
1998	101,053	58,066	42,987	--	2,411	2,411 (1)	17.8
1999	103,834	56,297	47,537	3,220	4,186	7,406	6.4
2000	127,231	65,712	61,519	3,375	3,994	7,369	8.3
2001	120,318	72,256	48,062	3,545	4,072	7,617	6.3

(1) On November 18, 1997, the revenue bonds issued on December 1, 1988, were refunded by the issuance of the 1997 Orange County Public Financing Authority revenue bonds.

Sources:

(A) Integrated Waste Management Fund, as reported in the audited financial statements of the County of Orange.

(B) County Executive Office/Public Finance Accounting.

**COUNTY OF ORANGE
DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

Year	(A) Population Estimates (In Thousands)	(B) Median Family Income	(C) Public School Enrollment (In Thousands)	(D) Unemployment Rate
1992	2,512	\$ 56,346	393	4.8
1993	2,557	54,380	396	6.7
1994	2,597	54,413	412	5.8
1995	2,641	55,507	422	5.5
1996	2,624	57,106	425	4.3
1997	2,659	59,629	443	3.4
1998	2,722	61,812	458	3.0
1999	2,776	63,478	471	2.9
2000	2,828	64,000	484	2.7
2001	2,926	71,200	496	3.0

Sources:

- (A) County of Orange Population and Housing Estimates, California Department of Finance at January 1, 2001.
- (B) Center for Economic Research, Chapman University (estimates).
- (C) Orange County Department of Education.
- (D) State of California, Employment Development Department.

COUNTY OF ORANGE
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS
(Dollars In Thousands)

Fiscal Year	(A), (1) Assessed Property Value	(B) Total Bank Deposits	Calendar Year	(C) Non-Residential Construction	(C) Residential Construction		(C) Total Construction Value
	Value			Value	Number of Units	Value	
1991-92	\$ 170,151,136	\$ 20,436,270	1992	\$ 704,135	7,698	\$ 1,297,452	\$ 2,001,587
1992-93	178,534,134	20,798,670	1993	520,214	6,122	1,063,565	1,583,779
1993-94	178,761,413	33,212,000	1994	523,480	7,333	1,338,519	1,861,999
1994-95	176,974,944	32,643,000	1995	622,189	11,726	1,576,136	2,198,325
1995-96	176,757,159	31,796,000	1996	586,589	10,323	1,597,418	2,184,007
1996-97	177,300,663	33,081,000	1997	942,155	11,426	1,852,739	2,794,894
1997-98	182,284,317	35,319,000	1998	1,182,095	14,345	2,333,177	3,515,272
1998-99	192,625,739	36,458,000	1999	1,796,025	12,990	2,313,190	4,109,215
1999-00	209,136,473	37,639,000	2000	1,818,791	11,905	2,152,073	3,970,864
2000-01	228,548,301	-	(2) 2001	1,748,172	11,953	2,214,626	3,962,798

(1) These are assessed property values for property tax purposes. Taxable assessed values are stated at full cash value.

(2) Data not available at time of publication.

Sources:

(A) Auditor-Controller, County of Orange.

(B) Federal Research Library.

(C) The Chapman University " Economic & Business Review " (Forecasts) dated June 2001.

COUNTY OF ORANGE
POPULATION AND HOUSING STATISTICS
JUNE 30, 2001

	<u>Population by City, 1990 and 2000</u>			<u>Housing Units by City, 1990 and 2000</u>		
	(A) 1990 Census	(B) 2000 Census	Percent Change	(A) 1990 Census	(C) 2000 Census	Percent Change
Anaheim	266,406	328,014	23.13%	93,177	99,719	7.02%
Brea	32,873	35,410	7.72%	12,648	13,327	5.37%
Buena Park	68,784	78,282	13.81%	23,200	23,826	2.70%
Costa Mesa	96,357	108,724	12.83%	39,611	40,406	2.01%
Cypress	42,655	46,229	8.38%	14,715	16,028	8.92%
Dana Point	31,896	35,110	10.08%	14,666	15,682	6.93%
Fountain Valley	53,691	54,978	2.40%	18,019	18,473	2.52%
Fullerton	114,144	126,003	10.39%	42,956	44,771	4.23%
Garden Grove	143,050	165,196	15.48%	45,984	46,703	1.56%
Huntington Beach	181,519	189,594	4.45%	72,736	75,662	4.02%
Irvine	110,330	143,072	29.68%	42,221	53,711	27.21%
Laguna Beach	23,170	23,727	2.40%	12,846	12,965	0.93%
Laguna Hills (1)	--	31,178	--	--	11,303	--
Laguna Niguel	44,400	61,891	39.39%	18,892	23,885	26.43%
Laguna Woods (2)	--	16,507	--	--	12,650	--
La Habra	51,266	58,974	15.04%	18,670	19,441	4.13%
Lake Forest (3)	--	58,707	--	--	20,486	--
La Palma	15,392	15,408	0.10%	4,935	5,066	2.65%
Los Alamitos	11,676	11,536	(1.20%)	4,279	4,329	1.17%
Mission Viejo	72,820	93,102	27.85%	26,393	32,985	24.98%
Newport Beach	66,643	70,032	5.09%	34,861	37,288	6.96%
Orange	110,658	128,821	16.41%	38,018	41,904	10.22%
Placentia	41,259	46,488	12.67%	13,733	15,326	11.60%
Rancho Santa Margarita (4)	--	47,214	--	--	16,515	--
San Clemente	41,100	49,936	21.50%	18,726	20,653	10.29%
San Juan Capistrano	26,183	33,826	29.19%	9,612	11,320	17.77%
Santa Ana	293,742	337,977	15.06%	74,973	74,588	(0.51%)
Seal Beach	25,098	24,157	(3.75%)	14,407	14,267	0.97%
Stanton	30,491	37,403	22.67%	10,755	11,011	2.38%
Tustin	50,689	67,504	33.17%	19,300	25,501	32.13%
Villa Park	6,299	5,999	(4.76%)	1,966	2,008	2.14%
Westminster	78,118	88,207	12.92%	25,852	26,940	4.21%
Yorba Linda	52,422	58,918	12.39%	17,341	19,567	12.84%
Unincorporated (5)	227,425	168,165	(26.06%)	95,327	61,178	(35.82%)
Total County	2,410,556	2,846,289	18.08%	880,819	969,484	10.07%

(1) The City of Laguna Hills was incorporated in 1991.

(2) The City of Laguna Woods was incorporated in 1999.

(3) The City of Lake Forest was incorporated in 1991.

(4) The City of Rancho Santa Margarita was incorporated in 2000.

(5) Reflects the incorporation of Laguna Hills, Lake Forest, Laguna Woods, and Rancho Santa Margarita.

(A) County of Orange 1990 Census Report, Volume 1.

(B) California State Data Center Census 2000, California Department of Finance.

(C) Census 2000 Housing Units, U.S. Census Bureau.

**COUNTY OF ORANGE
MISCELLANEOUS STATISTICS
JUNE 30, 2001**

County Creation Date (A)	-	March 11, 1889	
Form of Government (A)	-	General law county	
County Seat (A)	-	Santa Ana, California	
Area (B)	-	799 square miles	
Elevation Range (A)	-	Sea level to 5,687' at Santiago Peak	
Coastline (A)	-	42 miles	
Median Home Price (C)	-	\$ 301,000	
Largest Crops (D)	-	Nursery Stock and Cut Flowers	\$ 214,877,220
		Strawberries	\$ 80,579,520
		Tomatoes	\$ 23,723,175
Education (E)	-	Elementary School Districts	12
		High School Districts	3
		Unified School Districts	12
		Community College Districts	4
Justice Centers (A)	-	Central Justice Center	
		Harbor Justice Center	
		Lamoreaux Justice Center	
		North Justice Center	
		South Justice Center	
		West Justice Center	
Voter Registration (F)	-	Republican	622,590
		Democrat	406,312
		Non-partisan	181,154
		American Independent	23,918
		Libertarian	8,804
		Green	5,521
		Other parties	14,235
		Total Registered Voters	1,262,534

Sources:

- (A) Auditor-Controller, County of Orange.
- (B) Center of Demographic Research, California State University Fullerton, June 2001.
- (C) OC Register.com, Business Section, July 18, 2001.
- (D) Public Facilities & Resources Department, County of Orange.
- (E) Orange County Department of Education.
- (F) Registration & Elections Department, County of Orange.